

Mojave Desert Air Quality Management District Governing Board Meeting

Agenda

LOCATION

**MOJAVE DESERT AQMD BOARD CHAMBERS
14306 PARK AVENUE VICTORVILLE, CA 92392**

www.mdaqmd.ca.gov

MONDAY, MARCH 26, 2018

10:00 AM

TELECONFERENCE LOCATION(S)

San Bernardino County Government Center
385 N. Arrowhead Ave., Fifth Floor
San Bernardino, CA 92415

Riverside County Board of Supervisors
73-710 Fred Waring Drive, Ste. 222
Palm Desert, CA 92260

Blythe City Hall, Conference Room A
235 N. Broadway
Blythe, CA 92225

IF YOU CHALLENGE ANY DECISION REGARDING ANY OF THE LISTED PROPOSALS IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED DURING THE PUBLIC TESTIMONY PERIOD REGARDING THAT PROPOSAL OR IN WRITTEN CORRESPONDENCE DELIVERED TO THE GOVERNING BOARD AT, OR PRIOR TO, THE PUBLIC HEARING.

DUE TO TIME CONSTRAINTS AND THE NUMBER OF PERSONS WISHING TO GIVE ORAL TESTIMONY, PUBLIC COMMENTS ARE LIMITED TO THREE MINUTES PER SPEAKER. YOU MAY WISH TO MAKE YOUR COMMENTS IN WRITING TO ASSURE THAT YOU ARE ABLE TO EXPRESS YOURSELF ADEQUATELY.

Except where noted, all scheduled items will be heard in the Chamber of the Governing Board, Mojave Desert AQMD Offices, 14306 Park Avenue, Victorville, CA and the teleconference location(s). Please note that the Board may address items in the agenda in a different order than the order in which the item has been posted.

CALL TO ORDER 10:00 A.M.

Pledge of Allegiance.

Roll Call.

Items with potential Conflict of Interests - for information only: None

PUBLIC COMMENT

CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Name of Case: Michele Baird vs MDAQMD et. al CIVDS 1612446 San Bernardino County Superior Court (Government Code Section 54956.9)

OPEN SESSION

Disclosure of any Reportable action taken in Closed Session; and the Vote and Abstention of every Member Present in the Closed Session

CONSENT CALENDAR

2. [Approve Minutes from Regular Governing Board Meeting of February 26, 2018.](#)
3. [Amend Governing Board Policy 11-02, Designation of Ethics Training and Recordkeeping Requirements. Presenter: Jean Bracy.](#)
4. [Ratify the actions of the Executive Director/APCO to: 1\) establish commercial revolving bank accounts to disburse funds for eligible projects for the Mobile Source Emissions Reduction Program \(AB 2766\) and the Carl Moyer Program; 2\) appoint signatures on the account; 3\) transfer funds; and 4\) negotiate and execute any necessary agreements to establish the accounts and disbursement mechanisms, approved as to legal form. Presenter: Jean Bracy.](#)
5. [Set date of April 23, 2018 to conduct a public hearing to consider the amendment of Rule 102 – Definition of Terms and approval of California Environmental Quality Act \(CEQA\) documentation. Presenter: Alan De Salvio.](#)
6. [Set date of April 23, 2018 to conduct a public hearing to consider the amendment of Rule 1104 – Organic Solvent Degreasing Operations and approval of California Environmental Quality Act \(CEQA\) documentation. Presenter: Alan De Salvio.](#)
7. [Set date of April 23, 2018 to conduct a public hearing to consider the amendment of Rule 1162 – Polyester Resin Operations and approval of California Environmental Quality Act \(CEQA\) documentation. Presenter: Alan De Salvio.](#)

8. [Set date of April 23, 2018 to conduct a public hearing to consider the adoption of the Federal Negative Declarations for Two Control Techniques Guidelines Source Categories and approval of CEQA documentation. Presenter: Alan De Salvio.](#)
9. [Receive and file the Financial Report for FY18, through the month of January 2017, which provides financial information and budget performance concerning the fiscal status of the District. Presenter: Jean Bracy.](#)
10. [Receive and file the Legislative Report for March 9, 2018. Presenter: Brad Poiriez.](#)

ITEMS FOR DISCUSSION

11. DEFERRED ITEMS.
12. PUBLIC COMMENT.
13. [Adopt resolution amending the Conflict of Interest Code for the Mojave Desert Air Quality Management District \(MDAQMD\) and direct staff action. Presenter: Karen K. Nowak.](#)
14. [The Annual Financial Report and Management Report \(Audit\) for Fiscal Year 2016-17 is being presented for review and approval. Fedak & Brown LLP of Riverside performed the audit services for the District. Presenter: Jean Bracy.](#)
15. [Approve the program structure for the MDAQMD Mobile Source Emission Reduction Program \(AB2766\); direct development of a Work Plan to implement this Program; and direct implementation immediately on approval of this Program structure. Presenter: Brad Poiriez.](#)
16. [Receive and file a presentation from the Mojave Environmental Educational Consortium \(MEEC\) describing the work and responsibilities associated with providing educational resources. Presenter: Samantha Murray.](#)
17. [Reports: Executive Director.](#)
18. Board Members Comments and Suggestions for future agenda items.

In compliance with the Americans with Disabilities act, if special assistance is needed to participate in the Board Meeting, please contact Deanna Hernandez during regular business hours at 760.245.1661 x6244. Notification received 48 hours prior to the meeting will enable the District to make reasonable accommodations.

I hereby certify, under penalty of perjury, that this agenda has been posted 72 hours prior to the stated meeting in a place accessible to the public. Copies of this agenda and any or all additional materials relating thereto are available at the District Office at 14306 Park Avenue, Victorville, Ca 92392 or by contacting Deanna Hernandez at 760.245.1661 x6244 or by email at dhernandez@mdaqmd.ca.gov .

Mailed & Posted on: Tuesday, March 20, 2018

Approved:

Deanna Hernandez

The following page(s) contain the backup material for Agenda Item: [Approve Minutes from Regular Governing Board Meeting of February 26, 2018.](#)

**MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
REGULAR GOVERNING BOARD MEETING
MONDAY, FEBRUARY 26, 2018 - 10:00 A.M.
BOARD CHAMBERS, MDAQMD OFFICES
VICTORVILLE, CA**

MINUTES

Board Members Present:

Jim Cox, Chair, City of Victorville
John Cole, City of Twentynine Palms
Joseph “Joey” DeConinck, City of Blythe
Carmen Hernandez, City of Barstow
Robert Leone, Town of Yucca Valley
Robert Lovingood, San Bernardino County
V. Manuel Perez, Riverside County
Barbara Riordan, Public Member
Barb Stanton, Town of Apple Valley
Rebekah Swanson, City of Hesperia

Board Members Absent:

Ed Camargo, City of Adelanto
James Ramos, San Bernardino County
Jeff Williams, Vice Chair, City of Needles

CALL TO ORDER

Chair **JIM COX** called the meeting to order at 10:00 a.m. and asked Board Member **CARMEN HERNANDEZ** to lead the Pledge of Allegiance.

Chair **JIM COX** asked for roll call; roll was called.

Chair **JIM COX** called for items with potential conflict of interest – for information only: None

Chair **JIM COX** called for PUBLIC COMMENT – Public Comment made by Blanca Gomez on Agenda Item #2. Ms. Gomez requested hard copies of power point presentations be provided and inquired about our relationship with Best, Best & Krieger and Caldwell & Kennedy Law firms.

CLOSED SESSION

Upon Motion by Board Member **ROBERT LOVINGOOD**, Seconded by Board Member **REBEKAH SWANSON** and carried by unanimous roll call vote, the Board adjourned to Closed Session at 10:05 a.m.

Agenda Item 1 - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Name of Case: Michele Baird vs MDAQMD et. al CIVDS 1612446 San Bernardino County Superior Court (Government Code Section 54956.9).

OPEN SESSION - Disclosure of any Reportable Action(s) taken in Closed Session(s); and the Vote and Abstention of Every Member Present in the Closed Session.

The Governing Board reconvened to open session at 10:24 a.m., and District Counsel **Karen Nowak** stated that the Board met in Closed Session on Agenda Item #1 with no reportable action.

CONSENT CALENDAR - The following consent items were acted upon by the Board at one time without discussion, upon motion by Board Member **ROBERT LOVINGOOD**, Seconded by Board Member **JOHN COLE**, and carried by the following roll call vote, with ten **AYES** votes by Board Members **JOHN COLE, JIM COX, JOSEPH DECONINCK, CARMEN HERNANDEZ, ROBERT LEONE, ROBERT LOVINGOOD, V. MANUEL PEREZ, BARBARA RIORDAN, BARB STANTON and REBEKAH SWANSON** with one abstention for **agenda item 2** by Board Member **BARB STANTON** as follows:

Agenda Item 2 – Approve Minutes from Regular Governing Board Meeting of January 22, 2018.

Approved Minutes from Regular Governing Board Meeting of January 22, 2018.

Agenda Item 3 – Approve the 2018 Mojave Desert Air Quality Management District (MDAQMD) Governing Board Meeting Schedule.

Approved the 2018 Mojave Desert Air Quality Management District (MDAQMD) Governing Board Meeting Schedule.

Agenda Item 4 – Ratify the Board Chair's appointment of members to serve on the Budget Committee and the Personnel Committee for calendar year 2018.

Ratified the Board Chair's appointment of members to serve on the Budget Committee and the Personnel Committee for calendar year 2018.

Agenda Item 5 – Adopt a budget schedule for FY 2018-19.

Adopted a budget schedule for FY 2018-19.

Agenda Item 6 – 1) Approve the FY 17-18 Application for Carl Moyer Program Year 20 Funds and authorize its submission to the California Air Resources Board (CARB); 2) Allocate a maximum of 15% of Mobile Source Emissions Reduction (AB 2766) Program funds to serve as the required match funding for the Carl Moyer Memorial Air Quality Standards Attainment Program (the Moyer Program); and 3) Authorize the Executive Director/APCO and staff to execute the agreement, approved as to legal form.

1) **Approved** the FY 17-18 Application for Carl Moyer Program Year 20 Funds and authorize its submission to the California Air Resources Board (CARB); 2) **Allocated** a maximum of 15% of Mobile Source Emissions Reduction (AB 2766) Program funds to serve as the required match funding for the Carl Moyer Memorial Air Quality Standards Attainment Program (the Moyer Program); and 3) **Authorized** the Executive Director/APCO and staff to execute the agreement, approved as to legal form.

Agenda Item 7 – Receive and file the Financial Report for **FY18**, through the month of **December 2017**, which provides financial information and budget performance concerning the fiscal status of the District.

Received and filed the Financial Report for **FY18**, through the month of **December 2017**, which provides financial information and budget performance concerning the fiscal status of the District.

Agenda Item 8 – Receive and file the Legislative Report for February 8, 2018.

Received and filed the Legislative Report for February 8, 2018.

Agenda Item 9 – DEFERRED ITEMS:

Agenda Item 10 – PUBLIC COMMENT.

Agenda Item 11 – Receive and file a presentation from the District Counsel Section describing the work and responsibilities associated with Legal activities.

Received and filed a presentation from the District Counsel Section describing the work and responsibilities associated with Legal activities.

Agenda Item 12 – Receive and file a presentation from the Executive Director describing the work and responsibilities associated with AB617 – Community Air Protection Program.

Received and filed a presentation from the Executive Director describing the work and responsibilities associated with AB617 – Community Air Protection Program.

Agenda Item 13 – Discuss the MDAQMD Mobile Source Emission Reduction Program (AB 2766) and direct staff action.

Discussed the MDAQMD Mobile Source Emission Reduction Program (AB 2766) and the Board direct staff to continue working on and obtain more information to respond back to the Board.

Agenda Item 14 – Reports:

Executive Director Brad Poiriez:

- Mr. Poiriez informed the Board he has had several calls with Board Members regarding gathering school bus inventory information, cannabis operations/permitting questions and state funding sources;
- Mr. Poiriez informed the Board that he has reached out to Riverside and San Bernardino Counties Farm Bureaus and Ag Commissioners informing the farm communities of Carl Moyer Grants the District can assist with on projects.

Mr. Poiriez updated the Board of past events:

- January 23rd – 26th – attended National Air Quality Conference with over 400 attendees hosted by EPA, NACAA and AAPCA;
- February 1st – met with Kevin Kane and staff of VVTA regarding increased partnership with transit agencies to secure additional funds for the High Desert;
- February 6th – met with Desirea Haggard, MEEC President, to continue discussion of transition between MEEC and the District;
- February 7th – met with Amy Zimpfer, Deputy Director, and staff of EPA Region 9 for a field visit that included visits to Aemerge RedPak in Hesperia, drive-byes of Barstow's Rail Yard, Kramer Junction, Cemex River Plant, and SCLA in addition to discussion on pending EPA action of Rules and SIP;
- February 12th – met with Southern California Gas Company staff to discuss status of Adelanto Turbine Compressor Station which will be continued to be nonoperational until July 2019;
- February 13th – attended LMTF meeting to meet the new Union Representative Natalie Harts, former Representative Fred Lowe retired;

- February 13th – 15th – attended CAPCOA Board Meeting and met with CARB Executive Staff on AB 617 and discussed several legislative items such as AB 2572 Calderon Bill that would require school district to require pupils to remain in doors during school hours when Air Districts issues public alerts for unhealthy or very unhealthy air quality. Department of Finance via the Governor's Office has introduced a trailer bill with language that deals with tire fees that fund Carl Moyer this would take the Moyer money away and give it to the Department of Fish & Wildlife and propose back filling with GGRF money, this is very problematic all hands on deck;
- February 20th – 3 new staff members commenced employment, Ryan Orr CRE Supervisor, Jeremy Craig Air Quality Specialist Compliance and Kevin Hendrawan Air Quality Specialist Planning. February 16, 2018 the Grants Specialist recruitment closed and we anticipate having interviews within the next few weeks;
- February 21st – Jean and I met with Executive Board of MEEC and submitted the District's formal request to have a seat on their Executive Board.

Mr. Poiriez informed the Board of upcoming events:

- February 26th – 28th – attending CAPCOA Medium District meeting in Santa Barbara. Major items on agenda are: farmers allocations (\$5.5M between 18 Districts); AB 134 (\$4.5M eight medium districts will allocate); VW Settlement money; AB 617 efforts; marijuana issues;
- March 2nd – All District Employee breakfast scheduled to welcome new staff members;
- March 6th – Barstow Rail Yard tour scheduled;
- March 22nd – CARB Board Meeting scheduled in Riverside. Items on agenda are farmer funding and health impact from freight facilities.

Special note from Mr. Poiriez:

April 14, 2018 District's 2018 Lawn & Garden Equipment Program scheduled 8:00 am to 1:00 pm San Bernardino Fairgrounds.

Agenda Item 15 - Board Member Comments and Suggestions for Future Agenda Items.

- Board Member **Cole** gave a "Big Thank-you" to staff for all their efforts providing much appreciated information.
- Board Member **DeConinck, Hernandez, Leone, Riordan and Stanton** all echoed Board Member Cole's comment with a thank-you to staff.

Being no further business, Chair **JIM COX** adjourned the meeting at **11:44 a.m.** to the next Regular Meeting of **March 26, 2018.**

The following page(s) contain the backup material for Agenda Item: [Amend Governing Board Policy 11-02, Designation of Ethics Training and Recordkeeping Requirements.](#)
[Presenter: Jean Bracy.](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #3

DATE: March 26, 2018

RECOMMENDATION: Amend Governing Board Policy 11-02, "Designation of Ethics Training and Recordkeeping Requirements."

SUMMARY: This item amends existing Governing Board Policy 11-02, "Designation of Ethics Training and Recordkeeping Requirements" to conform position titles to reflect recent changes to the MDAQMD's Classification Plan.

CONFLICT OF INTEREST: None

BACKGROUND: In the effort to keep the Board familiar with the policies and practices which have been adopted to direct staff action and to facilitate the conduct of the business of the District these policies will be presented to the Board from time to time with recommendations for amendments if such are needed.

The history of Governing Board Policy 11-02, "Designation of "Local Agency Officials" for Purposes of Ethics Training and Designation of Clerk of the Boards as Filing Official," and the recommended revisions are further described in the following Exhibit 1. The recommended action conforms two position titles to reflect classification plan changes as adopted by the Governing Board on January 22, 2018.

REASON FOR RECOMMENDATION: The Governing Board action is necessary to approve changes to the policies of the Governing Board.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director on or about March 12, 2018.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Jean Bracy, Deputy Director - Administration

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #3

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Exhibit 1

Governing Board Policy 11-02 is the Governing Board Policy that meets the requirements of legislation commonly referred to as “AB 1234.” Local agencies are required to designate positions in addition to Governing Board members who are required to receive mandated ethics training. In addition, the agency is required to designate the position responsible to maintain the records of completed training. This policy complies with the statute requirements.

History

Governing Board Policy 11-02 was first adopted October 23, 2006 in response to legislation known as AB 1234 (Salinas). The Policy was revised January 24, 2011 and again January 26, 2015, to update positions titles. The Policy was most recently revised on September 25, 2017 to streamline its title and provisions, expand the covered positions, and to update position titles.

Recommended Revisions

Governing Board amendments to the District’s classification plan as adopted on January 22, 2018 have resulted in changes to titles for two of the designated positions. Staff recommends amending the policy to conform the position titles to those listed in the classification plan. A final of the proposed version is included as well as a REDLINED draft which indicates the proposed changes from the current version.

GOVERNING BOARD POLICY

Mojave Desert Air Quality Management District

Policy No: 11-02
Amended March 26, 2017

James L. Cox, Chair

Brad Poiriez, Executive Director/APCO

SUBJECT: DESIGNATION OF ETHICS TRAINING AND RECORDKEEPING REQUIREMENTS

POLICY:

It is the policy of the Governing Board of the Mojave Desert Air Quality Management District (District) to designate certain positions as “local agency officials” for purposes of ethics training as required pursuant to provisions of Government Code §§53234 et seq. It is also the policy of the Governing Board of the District to designate a position to keep the records required to comply with the provisions of Government Code §§53234 et seq. The specific positions and record keeper are as listed below.

AMPLIFICATION OF POLICY:

A. General

Government Code §§ 53234 et. seq. (AB1234 of 2005, Salinas) requires, among other things, two (2) hours of ethics training at least every two (2) years for members of the legislative bodies and for designated “local agency officials.” The affected local agencies are required to specifically designate “local agency officials” who are mandated to receive the training.

Board members and local officials who serve on more than one local agency board are only required to comply with the training requirement once and may use the training provided under the auspices of one agency to satisfy the requirement for other agencies. Furthermore, the legislation requires all affected local agencies to keep records of the date(s) of the training and the provider of the training for each board member and local agency official. The records are required to be kept for at least five (5) years from the date of the training.

The District is a local agency subject to these provisions. Therefore, the Governing Board is required to not only comply with the training requirement but also to designate staff positions that should receive the training. In addition, it is required to officially designate an appropriate person to keep the required records.

B. Designation of Positions

The following positions are designated as “local agency officials” required to receive two hours of qualified ethics training every two years:

Executive Director/APCO
Deputy Director/Administration
Deputy Director/Antelope Valley Operations
Deputy Director/Mojave Desert Operations
District Counsel
Special Counsel to the Governing Board
Finance Manager
Community Relations & Education Supervisor
Senior Executive Analyst

C. Designation of Position to Keep Records

The Executive Director/APCO shall designate the appropriate position to keep the records required for a period of five years from the date of the training for both the members of the Governing Board as well as the designated positions listed above.

Revision History:

Adopted: October 23, 2006
Amended: January 24, 2011
Amended: January 26, 2015
Amended: September 25, 2017

GOVERNING BOARD POLICY

Mojave Desert Air Quality Management District

Policy No: 11-02

Amended ~~September 25, 2017~~ March 26, 2017

James L. Cox, Chair

Brad Poiriez, Executive Director/APCO

SUBJECT: DESIGNATION OF ETHICS TRAINING AND RECORDKEEPING REQUIREMENTS

POLICY:

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Deputy Director/Administration
Deputy Director/Antelope Valley Operations
Deputy Director/Mojave Desert Operations
District Counsel
Special Counsel to the Governing Board
Finance Manager
Community Relations & Education ~~Manager~~ Supervisor
Senior Executive ~~Office Manager~~ Analyst

C. Designation of Position to Keep Records

The Executive Director/APCO shall designate the appropriate position to keep the records required for a period of five years from the date of the training for both the members of the Governing Board as well as the designated positions listed above.

Revision History:

Adopted: October 23, 2006
Amended: January 24, 2011
Amended: January 26, 2015
Amended: September 25, 2017

The following page(s) contain the backup material for Agenda Item: [Ratify the actions of the Executive Director/APCO to: 1\) establish commercial revolving bank accounts to disburse funds for eligible projects for the Mobile Source Emissions Reduction Program \(AB 2766\) and the Carl Moyer Program; 2\) appoint signatures on](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #4

DATE: March 26, 2018

RECOMMENDATION: Ratify the actions of the Executive Director/APCO to: 1) establish commercial revolving bank accounts to disburse funds for eligible projects for the Mobile Source Emissions Reduction Program (AB 2766) and the Carl Moyer Program; 2) appoint signatures on the account; 3) transfer funds; and 4) negotiate and execute any necessary agreements to establish the accounts and disbursement mechanisms, approved as to legal form.

SUMMARY: This item ratifies the actions of the Executive Director/APCO to establish commercial revolving bank accounts to disburse funds for eligible projects for the Mobile Emissions Reduction Program (AB 2766) and the Carl Moyer Program.

CONFLICT OF INTEREST: None.

BACKGROUND: The District has taken action since 2012 to move in house certain accounting functions from the San Bernardino County Auditor Controller, pursuant to Governing Board direction. In practice, funds are deposited into accounts established at San Bernardino County and payments are disbursed from the revolving accounts (currently on deposit with Wells Fargo Bank). Periodic replenishments for payments disbursed are transferred from the funds on deposit in each account with the County. The General Fund and the Clean Air Fund were established as interest bearing accounts in 2012 and 2017 respectively, and are currently at Wells Fargo Bank.

Subsequently, similar actions were taken to bring the grant funds in house. Revolving accounts have been established at Wells Fargo bank for disbursements related to the Mobile Source Emissions Reduction Program (AB 2766) and the Carl Moyer Program in the manner similar to accounts previously established for the General Fund and the Clean Air Fund. Authorization, funding and account limits, and related administrative matters are described on Exhibit 1.

REASON FOR RECOMMENDATION: Governing Board authorization is required to establish bank accounts.

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #4

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REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director on or about March 12, 2018.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Jean Bracy, Deputy Director - Administration

Exhibit 1

Legislative Authorization

In late 2011, the California Legislature passed SB 288 which authorizes an independent special district to establish revolving funds for the purpose of paying routine expenditures more efficiently and expeditiously. Using this legislative authorization the District can establish revolving bank accounts and process payments in house for grants awarded under each of the District's grant program.

Funding and Account Limits

The District will periodically request reimbursement from the San Bernardino County Auditor Controller in amounts equal to the sum of disbursements which will be deposited to the appropriate revolving account. The reimbursement request will itemize the transactions for the requested reimbursement.

Administrative Matters

1. The District has a Standard Practice, 5-2, "Internal Controls – District Bank Accounts" which governs the management of banks accounts.
2. The District has two other separate, revolving type accounts: the General Fund (established in 2012) and the Clean Air Fund (established in 2017). Experience has demonstrated that sufficient controls are in place that District staff is able to properly execute the duties associated with checking and savings accounts.
3. These revolving accounts will be used for expenditures associated with the established grant programs, as noted above.
4. This item will ratify the actions of the Executive Director to negotiate and execute any necessary agreements and appoint signatures on the account.
5. This action will not change the appointment of San Bernardino County as the District's Treasurer or Auditor Controller and the County will remain the District's fund custodian.

The following page(s) contain the backup material for Agenda Item: [Set date of April 23, 2018 to conduct a public hearing to consider the amendment of Rule 102 – Definition of Terms and approval of California Environmental Quality Act \(CEQA\) documentation.](#)
[Presenter: Alan De Salvio.](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #5

DATE: March 26, 2018

RECOMMENDATION: Set date of April 23, 2018 to conduct a public hearing to consider the amendment of Rule 102 – *Definition of Terms* and approval of California Environmental Quality Act (CEQA) documentation.

SUMMARY: This item officially sets the date for the mandatory public hearing to be held on the amendment of Rule 102. Rule 102 is proposed for amendment to shift common definitions used in the MDAQMD rulebook to Rule 102, and to update them for consistency and clarity.

CONFLICT OF INTEREST: none.

BACKGROUND: The Mojave Desert Air Quality Management District (MDAQMD) has the authority pursuant to California Health and Safety Code (H&S Code) §40702 to adopt, amend or repeal rules and regulations. The MDAQMD is proposing to amend Rule 102 – *Definition of Terms* for inclusion in the current rulebook.

Many terms are defined in multiple district rules. Staff has determined that the rulebook will be more clear and consistent by shifting common definitions to Rule 102 and updating definitions for consistency. This rule is proposed for amendment in response to comments received from the United States Environmental Protection Agency (USEPA) and the Technical Advisory Committee (TAC). The amendment of Rule 102 – *Definitions of Terms* will be an ongoing process. Rule 102 will continue to be updated as needed when other District rules are proposed for amendment and contain definitions that need to be moved.

A Notice of Exemption, Categorical Exemption (Class 8; 14 Cal. Code Reg. §15308) will be prepared by the MDAQMD for the amendment of Rule 102 pursuant to the requirements of CEQA.

REASON FOR RECOMMENDATION: Health & Safety Code §§40702 and 40703 require the Governing Board to hold a public hearing before adopting rules and regulation. Also, 42 U.S.C. §7410(l) (FCAA §110(l)) requires that all SIP revisions be adopted after public notice and hearing.

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #5

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REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Alan De Salvio, Deputy Director – Mojave Desert Operations on or about March 12, 2018.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Alan De Salvio, Deputy Director – Mojave Desert Operations.

The following page(s) contain the backup material for Agenda Item: [Set date of April 23, 2018 to conduct a public hearing to consider the amendment of Rule 1104 – Organic Solvent Degreasing Operations and approval of California Environmental Quality Act \(CEQA\) documentation. Presenter: Alan De Salvio.](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #6

DATE: March 26, 2018

RECOMMENDATION: Set date of April 23, 2018 to conduct a public hearing to consider the amendment of Rule 1104 – *Organic Solvent Degreasing Operations* and approval of California Environmental Quality Act (CEQA) documentation.

SUMMARY: This item officially sets the date for the mandatory public hearing to be held on the amendment of Rule 1104. Rule 1104 is proposed for amendment to address additional USEPA comments regarding the satisfaction of the requirement that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors (42 U.S.C. §§7511a (FCAA §182)).

CONFLICT OF INTEREST: None.

BACKGROUND: The Mojave Desert Air Quality Management District amended Rule 1104 – *Organic Solvent Degreasing Operations* on March 27, 2017 to fulfil a commitment made in the *8-Hour Reasonably Available Control Technology – State Implementation Analysis (RACT SIP Analysis)* for the 2008 75 ppb ozone National Ambient Air Quality Standards (NAAQS). The MDAQMD is now proposing to update Rule 1104 – *Organic Solvent Degreasing Operations* to address additional comments provided by the United States Environmental Protection Agency (USEPA) subsequent to the rule amendment.

A Notice of Exemption, Categorical Exemption (Class 8; 14 Cal. Code Reg. §15308) will be prepared by the MDAQMD for the amendment of Rule 1104 pursuant to the requirements of CEQA.

REASON FOR RECOMMENDATION: Health & Safety Code §§40702 and 40703 require the Governing Board to hold a public hearing before adopting rules and regulation. Also, 42 U.S.C. §7410(l) (FCAA §110(l)) requires that all SIP revisions be adopted after public notice and hearing.

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #6

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REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Alan De Salvio, Deputy Director – Mojave Desert Operations on or about March 12, 2018.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Alan De Salvio, Deputy Director – Mojave Desert Operations

The following page(s) contain the backup material for Agenda Item: [Set date of April 23, 2018 to conduct a public hearing to consider the amendment of Rule 1162 – Polyester Resin Operations and approval of California Environmental Quality Act \(CEQA\) documentation. Presenter: Alan De Salvio.](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #7

DATE: March 26, 2018

RECOMMENDATION: Set date of April 23, 2018 to conduct a public hearing to consider the amendment of Rule 1162 – *Polyester Resin Operations* and approval of California Environmental Quality Act (CEQA) documentation.

SUMMARY: This item officially sets the date for the mandatory public hearing to be held on the amendment of Rule 1162. Rule 1162 is proposed for amendment to address additional USEPA comments regarding the satisfaction of the requirement that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors (42 U.S.C. §§7511a (FCAA §182)).

CONFLICT OF INTEREST: None.

BACKGROUND: The Mojave Desert Air Quality Management District amended Rule 1162 – *Polyester Resin Operations* on August 28, 2017 to fulfil a commitment made in the *8-Hour Reasonably Available Control Technology – State Implementation Analysis* (RACT SIP Analysis) for the 2008 75 ppb ozone National Ambient Air Quality Standards (NAAQS). The MDAQMD is now proposing to update Rule 1162 – *Polyester Resin Operations* to address additional comments provided by the United States Environmental Protection Agency (USEPA) subsequent to the rule amendment to provide clarification and to ensure implementation of current RACT.

A Notice of Exemption, Categorical Exemption (Class 8; 14 Cal. Code Reg. §15308) will be prepared by the MDAQMD for the amendment of Rule 1162 pursuant to the requirements of CEQA.

REASON FOR RECOMMENDATION: Health & Safety Code §§40702 and 40703 require the Governing Board to hold a public hearing before adopting rules and regulation. Also, 42 U.S.C. §7410(l) (FCAA §110(l)) requires that all SIP revisions be adopted after public notice and hearing.

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #7

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REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Alan De Salvio, Deputy Director – Mojave Desert Operations on or about March 12, 2018.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Alan De Salvio, Deputy Director – Mojave Desert Operations

The following page(s) contain the backup material for Agenda Item: [Set date of April 23, 2018 to conduct a public hearing to consider the adoption of the Federal Negative Declarations for Two Control Techniques Guidelines Source Categories and approval of CEQA documentation. Presenter: Alan De Salvio.](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #8

DATE: March 26, 2018

RECOMMENDATION: Set date of April 23, 2018 to conduct a public hearing to consider the adoption of *the Federal Negative Declarations for Two Control Techniques Guidelines Source Categories* and approval of CEQA documentation.

SUMMARY: The adoption of the *Federal Negative Declarations for Two Control Techniques Guidelines Source Categories* is necessary because for those source categories not represented within the area designated non-attainment for ozone, the United States Environmental Protection Agency (USEPA) requires the submission of a Federal Negative Declaration (FND) certifying that those sources are not present.

CONFLICT OF INTEREST: None

BACKGROUND: The Federal Clean Air Act (FCAA) requires areas designated non-attainment and classified moderate and above to implement Reasonably Available Control Technology (RACT) for sources subject to Control Techniques Guidelines (CTG) documents issued by the United States Environmental Protection Agency (USEPA) for “major sources” of volatile organic compounds (VOCs) and oxides of nitrogen (NO_x) which are ozone precursors. Effective May 27, 2008 (73 FR 16436, March 27, 2008), USEPA lowered the primary ozone National Ambient Air Quality Standard (NAAQS) from 0.084 parts per million (ppm) to 0.075 ppm. For purposes of the FCAA, portions of the District have been designated non-attainment for ozone and classified as Severe-15 for the new 0.075 ppm 8-hour standard. As a result of the shift to the 0.075 ppm standard, the District is required to update rules to meet RACT requirements. For those CTG source categories not represented within the area designated non-attainment for ozone, USEPA requires the submission of a Federal Negative Declaration (FND) certifying that those sources are not present. These “Federal Negative Declarations” are different from the Negative Declarations associated with the California Environmental Quality Act (CEQA). Instead, these FNDs, once adopted by the Governing Board, will serve as official certification to the USEPA that there are stationary sources or emitting facilities in these categories located within the area designated as non-attainment for ozone within the MDAQMD. There are no emission

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #8

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reductions associated with this action because it does not change any existing rules or regulations.

A Notice of Exemption, Categorical Exemption (Class 8; 14 Cal. Code Reg. §15308) will be prepared by the MDAQMD to meet the requirements of CEQA.

REASON FOR RECOMMENDATION: 42 U.S.C. §7410(l) (FCAA §110(l)) requires that all SIP revisions be adopted after public notice and hearing.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Alan De Salvio, Deputy Director – Mojave Desert Operations on or about March 12, 2018.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Alan De Salvio, Deputy Director – Mojave Desert Operations.

The following page(s) contain the backup material for Agenda Item: [Receive and file the Financial Report for FY18, through the month of January 2017, which provides financial information and budget performance concerning the fiscal status of the District. Presenter: Jean Bracy.](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #9

DATE: March 26, 2018

RECOMMENDATION: Receive and file.

SUMMARY: Receive and file the Financial Report for **FY18**, through the month of **January 2017**, which provides financial information and budget performance concerning the fiscal status of the District.

CONFLICT OF INTEREST: None

BACKGROUND: The Financial Report provides financial information and budget performance concerning the fiscal status of the District. The included reports reflect the business activities of the District for the period referenced *for all funds*. The target variance for January respectively is 58% of Fiscal Year 2018.

The January financial statements (most recent available) indicate that the financial position for the District is sound yet close to the adopted budget estimates. Fiscal Year 18 Program Revenue from AB2766 will be received through October 2017, which explains the 29.36% received to date.

Expenditures in the General Fund (not included in these reports) are slightly above budget (64%) to date, and Personnel Expenses (57%) are also on budget. The Fiscal Year 18 Budget anticipates the use of the unassigned fund balance (\$12,100) *if executed as adopted*. The Adopted Budget has been amended to receive new funds from the State and related expenses. The District has experienced to date extraordinary, but manageable, expenses. An incident in July prompted the Executive Director to initiate onsite security services; a cost not budgeted in FY 18. Those services were terminated on November 22, 2017. Negotiated personnel expenses and costs associated with terminating employees were not included in budget development. Air Monitoring's remote stations have required maintenance. Staff will continue to apprise the Board about how those costs, and associated legal support, will impact the budget performance. The District holds sufficient reserves to manage these cash expenditures.

The Finance Reports are attached.

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

FINANCE REPORT

AGENDA ITEM #9

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REASON FOR RECOMMENDATION: Receive and file.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director/APCO on or before March 12, 2018.

FINANCIAL DATA: No change in appropriation is required at this time.

PRESENTER: Jean Bracy, Deputy Director / Administration

FINANCIAL REPORTS (attached)

BALANCE SHEET – GOVERNMENTAL FUNDS – This report is the District’s financial picture (a “snapshot”) as of the date of report including all funds. “Mobile Emissions” and “Carl Moyer” are totally restricted funds. The “Fiduciary Fund” is the District’s OPEB (Other Post-Employment Benefits) and Pension Fund which is held in an irrevocable trust with PARS (Public Agency Retirement Services).

STATEMENT OF REVENUES & EXPENDITURES – This report describes the financial activities for each of the District’s funds during the month indicated.

STATEMENT OF ACTIVITY – This report reflects the revenues received and expenses made in all funds for the month and the year to date against the adopted budget for FY 18. The line items “Program” and “Program Costs” refer to the revenue and those payments made from the District’s grant funds (AB 2766 and Carl Moyer Fund).

Y-T-D Actual Column – The revenue and expenditures to date reflect the activity year to date for the General Fund *together with* the District’s grant funds. When grant funds are expended they may be for amounts greater than what was received year to date because grants are often paid from the funds accumulated over a period of time. The Excess Revenue/Over Expenditures may reflect expenditures for the period exceeding the revenue for the period, creating a negative result the may imply expenses exceeding approved budget for the fiscal year.

CHECK REGISTERS – These reports list payments made for goods and services and fund transfers for the following District accounts since the last report to the Board:

WELLS FARGO OPERATING – This report lists the payments made from the District’s primary operating account deposited at Wells Fargo Bank. The District issues payments in-house to a number of vendors. Periodically the account is reimbursed from the funds on deposit with the San Bernardino County Auditor/Controller. References to “Credit Card

**MINUTES OF THE GOVERNING BOARD
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VICTORVILLE, CALIFORNIA**

FINANCE REPORT

AGENDA ITEM #9

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Transaction” indicate Visa payments received via a third party contractor for invoices usually relating to permit application or annual renewal fees.

GENERAL FUND MPA (San Bernardino County) – This account is held by the San Bernardino County Treasurer who is the custodian of District funds. Requests for reimbursement to the District’s other accounts are made through the San Bernardino County Audit/Controller who is appointed the District’s accounting officer, as set forth in the Health & Safety Code (§41245 and §41246).

AB2766 MPE (San Bernardino County) - This report lists the activity and payments made from the District’s Grant Fund Account held in trust at the San Bernardino County. The items on these lists are included on the Statement of Activity as “Program Costs.”

CARL MOYER MPB (San Bernardino County) - This report lists the activity and payments made from the District’s Grant Fund Account held in trust at San Bernardino County. The items on these lists are included on the Statement of Activity as “Program Costs.”

PARS Held in Trust – These separately report the activities related to the District’s Other Post Employment Benefit (for retiree health benefits) Trust and Pension Trust.

CLEAN AIR FUND – This reports the activity related the District’s Clean Air Fund, managed pursuant to Governing Board Policy 17-01.

BANK REGISTERS – DISTRICT CARDS – (not available). These reports show the purchases made using the District’s MasterCard’s. The items on these lists are the expenditure detail for the payments made to BUSINESS CARD as shown on the Check Register Wells Fargo Operating Account.

Mojave Desert AQMD

Balance Sheet - Governmental Funds

As of January 31, 2018

Financial Report

	<u>General Fund</u>	<u>Mobile Emissions</u>	<u>Carl Moyer</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Assets					
Current Assets					
Cash	2,279,297.34	3,452,623.87	1,278,138.09	1,136,730.18	8,146,789.48
Cash Held For Other Fund	151,777.32	(40,862.29)	(163,894.08)	52,979.05	0.00
Receivables	680,359.76	0.00	879,249.00	0.00	1,559,608.76
Pre-Paid	59,250.00	0.00	0.00	0.00	59,250.00
Total Current Assets	3,170,684.42	3,411,761.58	1,993,493.01	1,189,709.23	9,765,648.24
Total Assets	3,170,684.42	3,411,761.58	1,993,493.01	1,189,709.23	9,765,648.24
Liabilities and Net Position					
Current Liabilities					
Payables	270,909.42	165,344.80	(58,537.82)	2,602.53	380,318.93
Accruals	(17,295.68)	0.00	0.00	0.00	(17,295.68)
Due to Others	500,525.00	(0.09)	0.00	0.00	500,524.91
Payroll Taxes Liability	11,944.08	0.00	0.00	0.00	11,944.08
Retirement	(6,758.63)	0.00	0.00	0.00	(6,758.63)
Health	(39,388.97)	0.00	0.00	0.00	(39,388.97)
Other Payroll Deductions	795.18	0.00	0.00	0.00	795.18
Unearned Revenue	6,907.60	0.00	1,967,994.35	0.00	1,974,901.95
Total Current Liabilities	727,638.00	165,344.71	1,909,456.53	2,602.53	2,805,041.77
Restricted Fund Balance	163,894.08	3,154,431.35	77,328.62	1,070,288.32	4,465,942.37
Cash Reserves	690,000.00	0.00	0.00	0.00	690,000.00
Building Improvements	200,000.00	0.00	0.00	0.00	200,000.00
Litigation Reserves	300,000.00	0.00	0.00	0.00	300,000.00
Budget Stabilization	250,000.00	0.00	0.00	0.00	250,000.00
Retirement Reserves	500,000.00	0.00	0.00	0.00	500,000.00
Unassigned Fund Balance	214,436.25	0.00	0.00	0.00	214,436.25
Compensated Absences	150,000.00	0.00	0.00	0.00	150,000.00
Pre Paid	59,250.00	0.00	0.00	0.00	59,250.00
Change in Net Position	(84,533.91)	91,985.52	6,707.86	116,818.38	130,977.85
Total Liabilities & Net Position	3,170,684.42	3,411,761.58	1,993,493.01	1,189,709.23	9,765,648.24

Mojave Desert AQMD
Statement of Revenues & Expenditures
For the Period Ending January 31, 2018

Financial Report

	<u>General Fund</u>	<u>Mobile Emissions Program</u>	<u>Carl Moyer Program</u>	<u>Fiduciary Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Antelope Valley Air Quality Mngmnt Contract	111,444.44	0.00	0.00	0.00	111,444.44
Other Contracts	0.00	0.00	0.00	0.00	0.00
Application and Permit Fees	338,323.81	0.00	0.00	0.00	338,323.81
AB 2766 and Other Program Revenues	57,675.00	57,604.99	0.00	0.00	115,279.99
Fines	7,600.00	0.00	0.00	0.00	7,600.00
Investment Earnings	5,332.65	10,261.08	3,601.97	20,021.83	39,217.53
Federal and State	275,822.82	0.00	0.00	0.00	275,822.82
Other Revenue	0.00	0.00	0.00	0.00	0.00
Total Revenues	796,198.72	67,866.07	3,601.97	20,021.83	887,688.59
<u>Expenditures</u>					
Salaries and Benefits	465,991.76	0.00	0.00	2,602.53	468,594.29
Services and Supplies	61,036.59	33,233.50	0.00	417.02	94,687.11
Contributions to Other Participants	0.00	0.00	0.00	0.00	0.00
Capital Outlay Improvements and Equipment	24,110.12	0.00	0.00	0.00	24,110.12
Total Expenditures	551,138.47	33,233.50	0.00	3,019.55	587,391.52
Excess Revenue Over (Under) Expenditures	245,060.25	34,632.57	3,601.97	17,002.28	300,297.07

Mojave Desert AQMD

Statement of Activity - All Funds

For the Period Ending January 31, 2018

Financial Report

	<u>M-T-D</u> <u>Actual</u>	<u>Y-T-D</u> <u>Actual</u>	<u>Y-T-D</u> <u>Budget</u>	<u>% Budget</u> <u>to Actual</u>
Revenues				
Revenue - Permitting	340,293.08	2,618,854.57	4,400,000.00	59.52
Revenue - Programs	115,279.99	711,772.18	2,424,008.00	29.36
Revenue - Application Fees	5,749.00	98,258.40	81,000.00	121.31
Revenue - State	170,805.82	170,805.82	178,000.00	95.96
Revenue - Federal	105,017.00	105,017.00	132,900.00	79.02
Fines & Penalties	7,600.00	38,925.00	82,000.00	47.47
Interest Earned	39,217.53	119,755.16	82,900.00	144.46
Revenue - Contracts & Unidentified	111,444.44	761,847.05	1,313,050.00	58.02
Permit Cancellations	(7,718.27)	(50,350.56)	0.00	0.00
Total Revenues	887,688.59	4,574,884.62	8,693,858.00	52.62
Expenditures				
Office Expenses	29,318.01	173,612.14	222,900.00	77.89
Communications	4,301.71	48,714.68	95,375.00	51.08
Vehicles	4,951.58	37,589.91	67,250.00	55.90
Program Costs	33,233.50	350,136.02	1,581,508.00	22.14
Travel	2,874.10	49,629.82	75,750.00	65.52
Professional Services	9,158.97	46,807.64	104,300.00	44.88
Depreciation	0.00	1,784.64	3,000.00	59.49
Maintenance & Repairs	5,177.51	45,692.99	87,350.00	52.31
Non-Depreciable Inventory	2,041.21	13,480.86	20,700.00	65.12
Dues & Subscriptions	2,120.75	22,377.17	42,350.00	52.84
Legal	1,826.40	28,732.93	61,096.00	47.03
Miscellaneous Expense	0.00	9,042.13	4,000.00	226.05
Suspense	(316.63)	(901.91)	0.00	0.00
Capital Expenditures	24,110.12	103,199.62	192,500.00	53.61
Total Expenditures	118,797.23	929,898.64	2,558,079.00	36.35
Salaries & Benefits				
Personnel Expenses	468,594.29	3,512,759.47	6,123,679.00	57.36
Total Salaries & Benefits	468,594.29	3,512,759.47	6,123,679.00	57.36
Excess Revenue Over (Under) Expenditures	300,297.07	132,226.51	12,100.00	1,092.78

Mojave Desert AQMD
Bank Register from 1/01/2018 to 1/31/2018
Wells Fargo Operating

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
20130872	1/02/2018	Credit Card Transaction - SBCo Fleet	0.00	873.87	706,937.03
EFT	1/03/2018	Pay period ending 12/22/2017	119,049.56	0.00	587,887.47
20130872	1/03/2018	Credit Card Transaction - Ace Cogeneration	0.00	269.00	588,156.47
20130872	1/08/2018	Credit Card Transactions - Target	0.00	572.27	588,728.74
20130872	1/08/2018	Credit Card Transaction - Lanto Way	0.00	274.00	589,002.74
6717239	1/08/2018	Wage Works FSA Claim Payout	259.00	0.00	588,743.74
ACH010818	1/08/2018	[14296] INTERNAL REVENUE SERVICE-PP01/18 - FITW, FICA Med	25,654.21	0.00	563,089.53
ACH010818	1/08/2018	[14296] INTERNAL REVENUE SERVICE-PP24/17 - FITW, FICA Med	18,438.51	0.00	544,651.02
ACH010818	1/08/2018	[14296] INTERNAL REVENUE SERVICE-PP25/17 - FITW, FICA Med	18,699.05	0.00	525,951.97
ACH010818	1/08/2018	[14296] INTERNAL REVENUE SERVICE-PP26/17 - FITW FICA Med	33,008.52	0.00	492,943.45
0007020	1/09/2018	[10126] SBCERA-Purchase Service Credit Crystal Goree	3,028.80	0.00	489,914.65
BP011018	1/10/2018	Voya 401(a) Contribution Brad Poriez Jan 2018	987.50	0.00	492,287.15
6731267	1/10/2018	Wage Works FSA Claim Payout	51.00	0.00	492,236.15
ACH011018	1/10/2018	[14296] INTERNAL REVENUE SERVICE-Annual balance due on a return or notice	8,918.17	0.00	483,317.98
ACH021018	1/10/2018	[10082] VOYA FINANCIAL (457)-PP01/18 457 Deduction	10,225.50	0.00	473,092.48
0463-011018	1/10/2018	[10071] BUSINESS CARD-#0463 Jan 18 Payment 2	4,856.74	0.00	468,235.74
0463011018	1/10/2018	[10071] BUSINESS CARD-#0463 - Jan 18 Payment	746.17	0.00	467,489.57
6210-011018	1/10/2018	[10071] BUSINESS CARD-#6210 - Jan 18 Payment	2,890.58	0.00	464,598.99
6232-011018	1/10/2018	[10071] BUSINESS CARD-#6232 - Jan 18 Payment	3,590.66	0.00	461,008.33
4837-011018	1/10/2018	[10071] BUSINESS CARD-#4837 - Jan 18 Payment	4,689.12	0.00	456,319.21
1042-011018	1/10/2018	[10071] BUSINESS CARD-#1042 - Jan 18 Payment	571.62	0.00	455,747.59
1102-011018	1/10/2018	[10071] BUSINESS CARD-#1102 - Jan 18 Payment	595.82	0.00	455,151.77
7885-011818	1/10/2018	[10071] BUSINESS CARD-#7885 - Jan 18 Payment	1,557.27	0.00	453,594.50
0007021	1/11/2018	[10007] AIR TECH SERVICES-Service Call 1/9/17	212.00	0.00	453,582.50
0007022	1/11/2018	[10057] ALLIED ADMIN-Invoices 2018-01, 2018-02, AA0118	2,177.91	0.00	451,404.59
0007023	1/11/2018	[10013] AT & T-Complaint Line Charges Nov 2017	39.79	0.00	451,364.80
EFT	1/11/2018	[10017] BEST BEST & KRIEGER LLP-General Counsel Legal Services through 12/31/17	69.60	0.00	451,364.80
0007024	1/11/2018	[10044] CITY OF VICTORVILLE-FY 17/18 Street Lighting Assesmnt District Dues	65.99	0.00	451,298.81
0007025	1/11/2018	[10076] HI DESERT WINDOW WASHING-Window Washing Service Oct 2017	200.00	0.00	451,098.81
0007026	1/11/2018	[10263] IN SHAPE HEALTH CLUBS INC-Pay Period 01/2018 - GymDed	184.07	0.00	450,914.74
EFT	1/11/2018	[14358] JERRY KINKADE-Technical Advisory Committee Attendance - January 9, 2018.	35.00	0.00	450,914.74
0007027	1/11/2018	[10091] MASTER'S SERVICES-Invoices 1-573, 98-12932	587.66	0.00	450,327.08
EFT	1/11/2018	[10200] MOJAVE DESERT AQMD-Pay Period 01/2018 - FSADed	570.83	0.00	450,327.08
0007028	1/11/2018	[15042] CESAR NAVAS-Safey shoes reimbusement	130.00	0.00	450,197.08
0007029	1/11/2018	[10118] OFFICE 1-Copy overages December 2017	524.67	0.00	449,672.41
EFT	1/11/2018	[15013] JENNIFER M OSORIO-Technical Advisory Committee Attendance - January 9, 2018.	45.70	0.00	449,672.41
EFT	1/11/2018	[14256] BRAD A POIRIEZ-Invoices 1924, PO528-1	149.40	0.00	449,672.41
0007030	1/11/2018	[10129] PRAXAIR DISTRIBUTION INC-Cylinder rental through 12/20/17	63.00	0.00	449,609.41
0007031	1/11/2018	[10114] RAINBOW BUILDING MAINTENANCE-Janitorial Service Dec 2017	1,948.00	0.00	447,661.41

Mojave Desert AQMD
Bank Register from 1/01/2018 to 1/31/2018
Wells Fargo Operating

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
EFT	1/11/2018	[10117] RICOH AMERICAS CORP-Copier Lease 12/15/17 - 1/14/18	1,281.84	0.00	447,661.41
0007032	1/11/2018	[10124] SAVILLEX-Invoices 119389, 120361	239.09	0.00	447,422.32
0007033	1/11/2018	[10126] SBCERA-Pay Period 01/2018 - SBCERADefer, SBCERAMatch, SBCERAPickUp, SurvivorInsBen, SurvivorInsDed, RetireCashBen	79,841.72	0.00	367,580.60
0007034	1/11/2018	[10213] SBPEA-Pay Period 01/2018 - GeneralUnitDues	524.31	0.00	367,056.29
0007035	1/11/2018	[15001] SBPIS-Pay Period 01/2018 - GeneralUnitMisc	184.17	0.00	366,872.12
0007036	1/11/2018	[15029] SECURITAS-Invoices W5738923, W5749177	7,490.00	0.00	359,382.12
0007037	1/11/2018	[15044] SOUTH TECH SYSTEMS INC-Disclosure Docs / eDisclosure Software License Purchase Agreement.	3,988.06	0.00	355,394.06
0007038	1/11/2018	[10137] SOUTHWEST GAS CORP-Gas service Dec 2017	274.33	0.00	355,119.73
0007039	1/11/2018	[10144] STANDARD INSURANCE-Invoices 2017-24, 2017-25, SI121917	1,420.53	0.00	353,699.20
EFT	1/11/2018	[15017] DALE TYSON-Technical Advisory Committee Attendance - January 9, 2018.	35.00	0.00	353,699.20
0007040	1/11/2018	[10161] UNITED WAY DESERT COMMUNITIES-Pay Period 01/2018 - UnitedWay	5.00	0.00	353,694.20
0007041	1/11/2018	[14323] VSP-Invoices 2017-25, 2017-26, VSP122017	780.84	0.00	352,913.36
0007042	1/11/2018	[10174] WEST GROUP-Subscription info charges	866.93	0.00	352,046.43
2018011	1/11/2018	Op Fund Rep #11	0.00	547,369.31	897,228.37
6740541	1/11/2018	Wage Works FSA Claim Payout	5.01	0.00	897,223.36
20130877	1/12/2018	Credit Card Transaction - AFC EE/CBI	0.00	248.85	897,472.21
6752584	1/15/2018	Wage Works FSA Claim Payout	168.13	0.00	897,304.08
ACH011618	1/16/2018	[10064] EMPLOYMENT DEVELOPMENT DEPARTMENT-PP1/18 - CA SWT	7,608.91	0.00	889,695.17
ACH011618	1/16/2018	[10064] EMPLOYMENT DEVELOPMENT DEPARTMENT-PP24/17 - CA SWT	5,159.66	0.00	884,535.51
ACH011618	1/16/2018	[10064] EMPLOYMENT DEVELOPMENT DEPARTMENT-PP25/17 - CA SWT	5,120.81	0.00	879,414.70
ACH011618	1/16/2018	[10064] EMPLOYMENT DEVELOPMENT DEPARTMENT-PP26/17 - CA SWT	9,799.63	0.00	869,615.07
ACH011618	1/16/2018	[10047] COLONIAL INSURANCE-Supp ins Premiums Jan 2018	461.32	0.00	869,153.75
ACH011618	1/16/2018	[10064] EMPLOYMENT DEVELOPMENT DEPARTMENT-Final Pay Non EC Goree/ Roberts - SWT CA	1,608.26	0.00	867,545.49
EFT	1/17/2018	Pay period ending 1/05/2018	98,990.11	0.00	768,555.38
EFT	1/17/2018	Pay period ending 1/17/2018	350.93	0.00	768,204.45
ACH011718	1/17/2018	[14296] INTERNAL REVENUE SERVICE-PP18/16 - FITW, FICA Med Annual balance due on a notice or return	20,692.68	0.00	747,511.77
ACH011818	1/18/2018	[10082] VOYA FINANCIAL (457)-PP03/18 - 457 Deduction	9,918.51	0.00	737,593.26
0007043	1/19/2018	[00500] ACE COGENERATION COMPANY-Refund: Refund of Application Fee Paid in Error	269.00	0.00	737,324.26
0007044	1/19/2018	[10004] AGILAIRE LLC-Base Model 8872 B SiteNode Data Logger with:4 RS-232 Serial Ports (optically-isolated) •2 GB RAM •64 GB Solid State Storage •Ethernet Port	7,883.00	0.00	729,441.26
0007045	1/19/2018	[10013] AT & T-Complaint Line Charges Dec 2017	40.88	0.00	729,400.38
0007046	1/19/2018	[10021] CAL PUBLIC EMP RETIREMENT SYSTEM-Invoices 100000015123296, 2017-22, 2017-23	38,662.68	0.00	690,737.70
0007047	1/19/2018	[10029] CAPITAL ONE COMMERCIAL-Costco card charges Dec 2017	244.35	0.00	690,493.35

Mojave Desert AQMD
Bank Register from 1/01/2018 to 1/31/2018
Wells Fargo Operating

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0007048	1/19/2018	[10065] ENTERPRISE FLEET MANAGEMENT-Fleet Maintenance and lease charges Jan 2018	3,058.20	0.00	690,493.35
0007049	1/19/2018	[10263] IN SHAPE HEALTH CLUBS INC-Pay Period 02/2018 - GymDed	184.07	0.00	690,309.28
0007050	1/19/2018	[10086] KELLY PAPER COMPANY-Copy Paper	473.83	0.00	689,835.45
0007051	1/19/2018	[10200] MOJAVE DESERT AQMD-Pay Period 02/2018 - FSADED	695.83	0.00	689,835.45
0007052	1/19/2018	[14243] ORLANDO SALINAS DE LA ROSA-Safety Shoe Reimbursement - O. Salinas	123.91	0.00	689,711.54
0007053	1/19/2018	[10126] SBCERA-Pay Period 02/2018 - SBCERADefer, SBCERAMatch, SBCERAPickUp, SurvivorInsBen, SurvivorInsDed, RetireCashBen	70,081.66	0.00	619,629.88
0007054	1/19/2018	[10213] SBPEA-Pay Period 02/2018 - GeneralUnitDues	525.12	0.00	619,104.76
0007055	1/19/2018	[15001] SBPIS-Pay Period 02/2018 - GeneralUnitMisc	184.17	0.00	618,920.59
0007056	1/19/2018	[10135] SOCIETY FOR HUMAN RESOURCE MANAGEMENT-Organization dues for annual SHRM renewal - R. Simpson	209.00	0.00	618,711.59
0007057	1/19/2018	[10136] SOUTHERN CALIF EDISON-Electric service jan 2018	1,774.07	0.00	616,937.52
0007058	1/19/2018	[10148] STRATEGIC PARTNERS GROUP - STRATEGIC PARTNERS GROUP-Legislative services	2,000.00	0.00	614,937.52
0007059	1/19/2018	[14245] SARAH STROUT-Wellness Program Reimbursement	240.00	0.00	614,697.52
0007060	1/19/2018	[10149] TELEDYNE ADVANCED POLLUTION INSTRUMENTATION-Molybdenum converter assembly NO/NO2/NOx	935.45	0.00	613,762.07
0007061	1/19/2018	[10161] UNITED WAY DESERT COMMUNITIES-Pay Period 02/2018 - UnitedWay	5.00	0.00	613,757.07
0007062	1/19/2018	[10163] USPS/NEOPOST-Pre paid postage	3,000.00	0.00	610,757.07
0007063	1/19/2018	[10166] VERIZON BUSINESS-VOIP Internet Charges Jan 2018	1,196.12	0.00	609,560.95
0007064	1/19/2018	[10165] VERIZON CONFERENCING-Conferencing Charges Dec 2017	48.91	0.00	609,512.04
0007065	1/19/2018	[10174] WEST GROUP-CA Judicial Council Forms 2018	336.20	0.00	609,175.84
2018012	1/19/2018	Op Fund Rep #12	0.00	231,512.49	836,934.30
6775031	1/19/2018	Wage Works FSA Claim Payout	50.83	0.00	836,883.47
ACH011918	1/19/2018	[14296] INTERNAL REVENUE SERVICE-PP02/18 - FITW, FICA, Med	20,758.11	0.00	816,125.36
ACH011918	1/19/2018	[10064] EMPLOYMENT DEVELOPMENT DEPARTMENT-PP02/18 - CA SWT	5,688.59	0.00	810,436.77
0007066	1/22/2018	[15028] FEDAK & BROWN LLP-Invoices F&B093017, F&B093017 MD	7,820.00	0.00	802,616.77
0007066	1/25/2018	[14273] CAMARGO, EDGAR RUBEN-Attendance Governing Board Meeting Monday, January 22, 2018.	116.05	0.00	802,500.72
0007067	1/25/2018	[15040] CINTAS-Invoices 5009841607, 9021039827	134.58	0.00	802,366.14
EFT	1/25/2018	[14304] JOHN E COLE-Attendance Governing Board Meeting Monday, January 22, 2018.	198.98	0.00	802,366.14
0007068	1/25/2018	[10228] JAMES L COX-Attendance Governing Board Meeting Monday, January 22, 2018.	100.00	0.00	802,266.14
0007069	1/25/2018	[10053] CPS HR CONSULTING-Consulting Services - Workforce Planning Review FY 18 as described in a proposal received 11-17-2017	2,835.00	0.00	799,431.14
0007070	1/25/2018	[10222] JOSEPH DE CONINCK-Attendance Governing Board Meeting Monday, January 22, 2018.	100.00	0.00	799,331.14
0007071	1/25/2018	[10229] CARMEN HERNANDEZ-Attendance Governing Board Meeting Monday, January 22, 2018.	136.92	0.00	799,194.22

Mojave Desert AQMD
Bank Register from 1/01/2018 to 1/31/2018
Wells Fargo Operating

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0007072	1/25/2018	[10076] HI DESERT WINDOW WASHING-Windo Washing Service January 2018	200.00	0.00	798,994.22
0007073	1/25/2018	[14257] ROBERT J LEONE-Attendance Governing Board Meeting Monday, January 22, 2018.	181.32	0.00	798,812.90
0007074	1/25/2018	[10224] ROBERT LOVINGOOD-Attendance Governing Board Meeting Monday, January 22, 2018.	100.00	0.00	798,712.90
EFT	1/25/2018	[10200] MOJAVE DESERT AQMD-Credit Card Transactions - September 2017	16,056.39	0.00	798,712.90
0007075	1/25/2018	[15025] V MANUEL PEREZ-Attendance Governing Board Meeting Monday, January 22, 2018.	100.00	0.00	798,612.90
0007076	1/25/2018	[10109] PHELAN PINON HILLS CSD-Elesctric Use Fee Dec 2017	160.00	0.00	798,452.90
EFT	1/25/2018	[14256] BRAD A POIRIEZ-Meeting expense Governing Board meeting January 22, 2018.	19.94	0.00	798,452.90
0007077	1/25/2018	[10275] JAMES C RAMOS-Attendance Governing Board Meeting Monday, January 22, 2018.	100.00	0.00	798,352.90
0007078	1/25/2018	[10223] BARBARA RIORDAN-Attendance Governing Board Meeting Monday, January 22, 2018.	151.36	0.00	798,201.54
0007079	1/25/2018	[01913] RIVERSIDE COUNTY-Notice of Exemption filings - Rules 102, 461, 462, 463, 1114, 1115, 1157, 1160, & 1161.	350.00	0.00	797,851.54
0007080	1/25/2018	[10122] SAN BERNARDINO COUNTY CLERK-Notice of Exemption filings - Rules 102, 461, 462, 463, 1114, 1115, 1157, 1160, & 1161.	350.00	0.00	797,501.54
0007081	1/25/2018	[10140] SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY-Vehicle insurance additions FY18	194.32	0.00	797,307.22
0007082	1/25/2018	[10145] STAPLES INC-Office Supplies	663.90	0.00	796,643.32
0007083	1/25/2018	[15019] REBEKAH SWANSON-Attendance Governing Board Meeting Monday, January 22, 2018.	106.21	0.00	796,537.11
0007084	1/25/2018	[10149] TELEDYNE ADVANCED POLLUTION INSTRUMENTATION-Purchase Teledyne PM2.5/10 Mass Monitor T640 with one time funds from CAPCOA	24,110.12	0.00	772,426.99
0007085	1/25/2018	[10150] THE COUNSELING TEAM-EAP Hours Dec 2017	240.00	0.00	772,186.99
EFT	1/25/2018	[10173] VOYAGER FLEET SERVICE-Fuel CardCharges Dec 2017	1,242.20	0.00	772,186.99
0007086	1/25/2018	[14323] VSP-Invoices 2018-01, 2018-02, VSP0218	712.16	0.00	771,474.83
EFT	1/25/2018	[14303] JEFFREY HAYES WILLIAMS-Attendance Governing Board Meeting Monday, January 22, 2018.	287.25	0.00	771,474.83
20130879	1/25/2018	Credit Card Transaction - SBCo Fleet	0.00	307.63	753,977.70
20130879	1/29/2018	Credit Card Transaction - Grace	0.00	4,179.06	758,156.76
6811567	1/29/2018	Wage Works FSA Claim Payout	254.00	0.00	757,902.76
6819376	1/30/2018	Wage Works FSA Claim Payout	47.00	0.00	757,855.76
EFT	1/31/2018	Pay period ending 1/19/2018	101,040.37	0.00	656,815.39
EFT	1/31/2018	Pay period ending 1/19/2018	3,927.83	0.00	652,887.56
ACH013118	1/31/2018	[10047] COLONIAL INSURANCE-Supp Insurance Premiums Feb 2018	681.82	0.00	652,205.74
Total for Report:			843,023.90	785,606.48	

Mojave Desert AQMD
Bank Register from 1/01/2018 to 1/31/2018
General Fund MPA

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
20130896	1/01/2018	SBCo ACH - MDAQMD	0.00	520.84	808,221.31
20130874	1/09/2018	Daily Deposit	0.00	9,504.66	817,725.97
20130875	1/09/2018	Daily Deposit	0.00	179,233.97	996,959.94
20130876	1/09/2018	Daily Deposit	0.00	142,782.32	1,139,742.26
2018011	1/11/2018	Op Fund Rep #11	547,369.31	0.00	592,372.95
20130880	1/12/2018	SBCo ACH - MDAQMD	0.00	570.83	592,943.78
20130882	1/17/2018	Daily Deposit	0.00	7,644.30	600,588.08
2018012	1/19/2018	Op Fund Rep #12	231,512.49	0.00	369,075.59
20130877	1/22/2018	SBCo ACH - MDAQMD	0.00	695.83	369,771.42
20130883	1/22/2018	Daily Deposit	0.00	160,319.90	530,091.32
20130878	1/23/2018	SBCo ACH - NTC - Public Works	0.00	3,829.15	533,920.47
20130885	1/23/2018	Daily Deposit	0.00	158,008.07	691,928.54
20130886	1/25/2018	Daily Deposit	0.00	219,147.57	911,076.11
20130879	1/26/2018	SBCo ACH - MDAQMD	0.00	16,056.39	927,132.50
20130881	1/30/2018	SBCo ACH - MCLB	0.00	44,678.54	971,811.04
2018016	1/31/2018	Transfer AB2766 - November 2017	57,605.00	0.00	914,206.04
20130884	1/31/2018	Daily Deposit	0.00	133,891.21	1,048,097.25
	1/31/2018	Interest Earned	0.00	5,297.94	1,053,395.19
Total for Report:			836,486.80	1,082,181.52	

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Mojave Desert AQMD
Bank Register from 1/01/2018 to 1/31/2018
AB2766 MPE

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<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
2018016	1/31/2018	Transfer AB2766 - November 2017	0.00	57,605.00	3,442,362.79
	1/31/2018	Interest Earned	0.00	10,261.08	3,452,623.87
Total for Report:			0.00	67,866.08	

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Mojave Desert AQMD
Bank Register from 1/01/2018 to 1/31/2018
Carl Moyer MPB

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<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
	1/31/2018	Interest Earned	0.00	3,601.97	1,114,244.01
Total for Report:			0.00	3,601.97	

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Mojave Desert AQMD
Bank Register from 1/01/2018 to 1/31/2018
PARS TRUST - OPEB

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<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
	1/31/2018	Service Charge	227.02	0.00	608,332.24
	1/31/2018	Interest Earned	0.00	15,773.39	624,105.63
Total for Report:			227.02	15,773.39	

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Mojave Desert AQMD
Bank Register from 1/01/2018 to 1/31/2018
PARS TRUST - PENSION

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<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
	1/31/2018	Service Charge	190.00	0.00	508,376.11
	1/31/2018	Interest Earned	0.00	4,248.44	512,624.55
Total for Report:			190.00	4,248.44	

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Mojave Desert AQMD
Bank Register from 1/01/2018 to 1/31/2018
Clean Air Fund

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<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
	1/31/2018	Interest Earned	0.00	34.71	161,558.55
Total for Report:			0.00	34.71	

Mojave Desert AQMD
Bank Register from 1/01/2018 to 1/31/2018
District Card - Assigned

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0000054	1/10/2018	Jan 18 Payment	0.00	3,470.88	6,382.13
0000055	1/10/2018	Jan 18 2nd Payment	0.00	4,856.74	11,238.87
0000493	1/10/2018	[11809] CHRIS COLLINS-Invoices 0463-121517, 0463-121517	348.52	0.00	10,890.35
0000494	1/10/2018	[11809] CHRIS COLLINS-3 M Earmuffs - Orlando, Chris and Jennifer - for use when working in stations	58.08	0.00	10,832.27
0000495	1/10/2018	[11809] CHRIS COLLINS-Rain caps for monitoring stations	75.24	0.00	10,757.03
0000496	1/10/2018	[11809] CHRIS COLLINS-First aid kits for (3) vehicles 1 Pool, 1 Air Monitoring and 1 Compliance	29.00	0.00	10,728.03
0000497	1/10/2018	[11809] CHRIS COLLINS-General Building Maintenance - Paint to paint training room	235.33	0.00	10,492.70
0000498	1/10/2018	[10083] INSIDE CAL/EPA-March 2018 - February 2019 Renewal	715.00	0.00	9,777.70
0000499	1/10/2018	[10591] KAREN NOWAK-2018 State Bar of California Annual Fees.	571.62	0.00	9,206.08
0000500	1/10/2018	[14256] BRAD A POIRIEZ-Monthly Dues - Rotary Club Of Victorville.	137.00	0.00	9,069.08
0000501	1/10/2018	[14256] BRAD A POIRIEZ-AAPCA Spring 18 Meeting RegistRation	125.00	0.00	8,944.08
0000502	1/10/2018	[14256] BRAD A POIRIEZ-CAPCOA 2017 Board Meeting - Sacramento, CA. Parking, transport, lodging	76.53	0.00	8,867.55
0000503	1/10/2018	[14256] BRAD A POIRIEZ-CAPCOA 2017 Board Meeting - Sacramento, CA.	3.00	0.00	8,864.55
0000504	1/10/2018	[14256] BRAD A POIRIEZ-CAPCOA 2018 Medium District Meeting.	500.74	0.00	8,363.81
0000505	1/10/2018	[14245] SARAH STROUT-Wiper Blades for Compliance Team Vehicles	147.59	0.00	8,216.22
0000506	1/10/2018	[14245] SARAH STROUT-Safety Gear - New Employee Cesar Navas	46.73	0.00	8,169.49
0000507	1/10/2018	[14245] SARAH STROUT-Safety Jacket - New Employee Cesar Navas	40.98	0.00	8,128.51
0000508	1/10/2018	[14245] SARAH STROUT-Lodging- Daniel Concho - Tron Inspections	360.52	0.00	7,767.99
Total for Report:			3,470.88	8,327.62	

Mojave Desert AQMD
Bank Register from 1/01/2018 to 1/31/2018
District Card - 4837

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0000056	1/10/2018	Reward Points Transfers	0.00	1,613.08	1,612.10
0000057	1/10/2018	Jan 18 Payment	0.00	3,076.04	4,688.14
0000257	1/10/2018	[10031] CDW - G-Purchase Laptop for Robyn Simpson	918.62	0.00	3,769.52
0000258	1/10/2018	[10069] FAST ID BADGES-badge order for Cesar Navas & AV Staff	49.31	0.00	3,720.21
0000259	1/10/2018	[10055] HIGH DESERT MEDIA GROUP-Legal Notice - Notice of Title V Permit Modification (S. Oktay). Publication date December 8, 2017.	385.30	0.00	3,334.91
0000260	1/10/2018	[10055] HIGH DESERT MEDIA GROUP-Legal Notice - Notice of Preliminary Determination (S. Haggard). Publication date December 11, 2017.	385.30	0.00	2,949.61
0000261	1/10/2018	[10055] HIGH DESERT MEDIA GROUP-Legal Notice - Notice of Hearing Rules 102, 1114, 1157 & 1161 (T. Walters). Publication date December 22, 2017.	288.10	0.00	2,661.51
0000262	1/10/2018	[10200] MOJAVE DESERT AQMD-Staff Holiday Lunch Meeting Supplies paid with BofA reward points	1,613.08	0.00	1,048.43
0000263	1/10/2018	[14218] ROSEANA NAVARRO-BRASINGTON-Capcoa Vapor Recovery - Sacramento	210.96	0.00	837.47
0000264	1/10/2018	[14221] ROBYN SIMPSON-Invoices 1875, 1899	838.45	0.00	-0.98
Total for Report:			4,689.12	4,689.12	

Mojave Desert AQMD
Bank Register from 1/01/2018 to 1/31/2018
District Card- 6210

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0000053	1/10/2018	Jan 18 Payment	0.00	2,890.58	2,890.58
0000283	1/10/2018	[10014] BEAR VALLEY RENTALS-Table rentals for Office Meeting	133.21	0.00	2,757.37
0000284	1/10/2018	[14356] CUBESMART-Offsite Storage Facility Rental Jan 2018	268.00	0.00	2,489.37
0000285	1/10/2018	[00638] FRONTIER COMMUNICATIONS-Invoices FCC122317, FCCBAM122317, FCCHAM122318, FCCPAM122317	563.24	0.00	1,926.13
0000286	1/10/2018	[10116] IRON MOUNTAIN-Document Destruction Service Nov 2017	63.32	0.00	1,862.81
0000287	1/10/2018	[14275] IRON MOUNTAIN INC (DR SERV)-Document Retention Nov 2017	307.42	0.00	1,555.39
0000288	1/10/2018	[10066] PRESS ENTERPRISE-Invoices 1805, 1843, 1847	918.00	0.00	637.39
0000289	1/10/2018	[14221] ROBYN SIMPSON-Purchase of 1st and 2nd quarter service award from GiftCertificates.com for 2018	522.40	0.00	114.99
0000290	1/10/2018	[10169] VERIZON WIRELESS SERVICES, LLC-Cell Phone Service Nov 2017	114.99	0.00	
Total for Report:			2,890.58	2,890.58	

Mojave Desert AQMD
Bank Register from 1/01/2018 to 1/31/2018
District Card - 6232

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0000049	1/10/2018	Jan 18 Payment	0.00	3,590.66	3,590.66
0000189	1/10/2018	[10033] CHARTER BUSINESS-Internet Service Dec 2017	1,729.27	0.00	1,861.39
0000190	1/10/2018	[10044] CITY OF VICTORVILLE-Water Service - Dec 17	206.86	0.00	1,654.53
0000191	1/10/2018	[10044] CITY OF VICTORVILLE-Fire Sprinkler Service Dec 17	72.62	0.00	1,581.91
0000192	1/10/2018	[10044] CITY OF VICTORVILLE-Water Service Nov 2017	195.13	0.00	1,386.78
0000193	1/10/2018	[10044] CITY OF VICTORVILLE-Fire Sprinkler service Nov 2017	69.16	0.00	1,317.62
0000194	1/10/2018	[00638] FRONTIER COMMUNICATIONS-Dist Phone Service Dec 2017	648.95	0.00	668.67
0000195	1/10/2018	[10214] MAIL FINANCE-Invoices N6854406, N6900678, N6900678 (1)	501.15	0.00	167.52
0000196	1/10/2018	[10138] SPARKLETTS-Invoices 4296603-111517, 4296603-121317, 4296603011018	167.52	0.00	
Total for Report:			3,590.66	3,590.66	

The following page(s) contain the backup material for Agenda Item: [Receive and file the Legislative Report for March 9, 2018. Presenter: Brad Poiriez.](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #10

DATE: March 26, 2018

RECOMMENDATION: Receive and file.

SUMMARY: The Legislative Report for March 9, 2018.

CONFLICT OF INTEREST: None

BACKGROUND: Legislative actions proposed at the federal and state level have the potential to impact the implementation of the District's mission as well as its regulatory operations. An important tool for the District is to monitor the flood of information and its status which allows for comment early in the process and preparation for any changes that may be required. The District contracts this service and receives periodic reports with summaries to help sort the pertinent legislative proposals.

Strategic Partners Group (SPG) is the consultant to the District providing this service to monitor certain legislative and regulatory activities at the state and local level. Staff will direct questions to SPG regarding any of the material presented or follow up on any matter of interest to the Governing Board. Following the table of proposed legislation are several Articles of Interest of relevant information.

REASON FOR RECOMMENDATION: This item is provided for information subject to direction of the Governing Board.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel, as to legal form and by Brad Poiriez, Executive Director, on or about March 12, 2018.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Brad Poiriez, Executive Director



Government Affairs and Communication Consulting

FRANK T. SHEETS, III
LAURIE HANSEN SHEETS

MEMORANDUM

TO: Brad Poiriez

FROM: Frank Sheets
Laurie Hansen

DATE: March 9, 2018

Strategic Partners Group is pleased to provide the Mojave Desert Air Pollution Control District our latest legislative report.

Now that the February 16th deadline to introduce new legislation has passed, we have a reasonable understanding of what bills during this session will be of interest to the District. Remember however, bills not listed in this report can always be amended which may result in additions or subtractions to this bill list. Based on our review, we have identified 48 bills at this time.

Recall in our last report we included two-year bills carried over from last year's session. Recall also, January 31st was the deadline for the legislature to act on those bills and move them out of the house of origin. Although our latest review of our bill tracking service showed several bills with the two-year status, considering there had been no further action on the bills, we dropped those bills from this report.

We would like to draw your attention to new 2018 bills included in this report:

- There are two Carl Moyer bills, AB 2008 and AB 2336. Neither bill seems to have significant modifications to the program, but we should pay attention.
- Not surprising with the recent severe wildfires, we have numerous bills dealing with forest management. Considering the District's proximity to the San Gabriel Mountains and the propensity for fires in that range, these bills may be of interest: AB 2091, AB 2120, AB 2645, AB 2672, AB 3020, and SB 1169. At least one of these bills proposes to take monies from the Cap and Trade GHG fund to expend on efforts to assist in forest management and help mitigate catastrophic wildfires.
- One of the most fascinating bills we have listed is Senator Tan's bill, SB 1027. Senator Tan proposes state offices generate report cards on individual employees to evaluate how individuals are succeeding in reducing their personal GHG footprint. The bill does not specify whether this report card includes the employee personal time or just time while at work. It will be interesting to see where this bill goes.

- SB 1277 deals with the Salton Sea restoration.
- The District may also be interested in AB 1975 which is specific to the Bay Area APCD dealing with Nuisance odors.
- Two bills, AB 2809 and AB 2814, propose to include hydro-electric facilities with capacity in excess of 30MW be included in the renewable portfolio.
- AB 2453 could increase District responsibilities and should be reviewed.
- The District may also be interested in looking at AB 1013 dealing with enhanced refrigerants regulations.

With these bills introduced each house of origin has until June 1st to pass their bills for further consideration.

As always, should there be questions or comments please do not hesitate to contact at your convenience.

MDAQMD bills 2018

3/8/2018

AB 1745

(Ting D) *Vehicles: Clean Cars 2040 Act.*

Introduced: 1/3/2018

Status: 1/16/2018-Referred to Com. on TRANS.

Location: 1/16/2018-A. TRANS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would, commencing January 1, 2040, prohibit the Department of Motor Vehicles from accepting an application for original registration of a motor vehicle unless the vehicle is a zero emissions vehicle, as defined. The bill would exempt from that prohibition, a commercial vehicle with a gross vehicle weight rating of 10,001 pounds or more, and a vehicle brought into the state from outside of the state for original registration, as specified.

Notes 1: This bill essentially bans the registration of new vehicles after Jan. 2040 unless they are zero emission vehicles.

AB 1775

(Muratsuchi D) *State lands: leasing: oil and gas.*

Introduced: 1/4/2018

Status: 1/29/2018-Referred to Com. on NAT. RES.

Location: 1/29/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would prohibit the State Lands Commission and the local trustees of granted public trust lands from entering into any new lease or other conveyance or from entering into any lease renewal, extension, or modification that authorizes a lessee to engage in new or additional exploration, development, or production of oil or natural gas upon lands owned by the state and under the jurisdiction of the commission that are located seaward of the ordinary high water mark for tidal waterways and the ordinary low water mark for navigable nontidal waterways that would result in the increase of oil or natural gas production from federal waters.

Notes 1: This bill is obviously a reaction to the Trump administration proposal to expand coastal oil and gas exploration.

AB 1901

(Obernolte R) *California Environmental Quality Act: exemption: roadway projects.*

Introduced: 1/22/2018

Status: 2/5/2018-Referred to Coms. on NAT. RES. and TRANS.

Location: 2/5/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: CEQA, until January 1, 2020, exempts a project or an activity to repair, maintain, or make minor alterations to an existing roadway, as defined, if the project or activity is carried out by a city or county with a population of less than 100,000 persons to improve public safety and meets other specified requirements. This bill would extend the above exemption indefinitely.

Notes 1: We are including this Obernolte bill only to show the local legislator's interest in CEQA.

[AB 1915](#)

([Mathis R](#)) **Building Homes and Jobs Act: recording fee: mining claims.**

Introduced: 1/23/2018

Status: 2/5/2018-Referred to Com. on H. & C.D.

Location: 2/5/2018-A. H. & C.D.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law imposes a charge, except as provided, of \$75 to be paid at the time of the recording of every real estate instrument, paper, or notice required or permitted by law to be recorded, per each single transaction per single parcel of real property, not to exceed \$225. Current law defines "real estate instrument, paper, or notice" for this purpose as a document relating to real property and specifies a nonexhaustive list of documents deemed to be a "real estate instrument, paper, or notice." This bill would exclude from this definition of "real estate instrument, paper, or notice," and thereby exempt from the recording fee, any document recorded in relation to a mining claim, as provided.

Notes 1: Although this is not an air bill, we include it because of the amount mining within the MDAQMD.

[AB 1933](#)

([Maienschein R](#)) **Greenhouse Gas Reduction Fund: appropriations: recycling infrastructure projects.**

Introduced: 1/24/2018

Status: 2/22/2018-Referred to Com. on NAT. RES.

Location: 2/22/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would appropriate \$200,000,000 from the Greenhouse Gas Reduction Fund to the Department of Resources Recycling and Recovery for organic waste recycling infrastructure projects that reduce greenhouse gas emissions and solid waste recycling infrastructure projects that reduce greenhouse gas emissions.

Notes 1: Trying to get a boost for composting operations?

[AB 1945](#)

([Garcia, Eduardo D](#)) **California Global Warming Solutions Act of 2006: Greenhouse Gas Reduction Fund: investment plan.**

Introduced: 1/29/2018

Status: 1/30/2018-From printer. May be heard in committee March 1.

Location: 1/29/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Current law requires the Department of Finance, in consultation with the state board and any other relevant state agency, to develop, as specified, a 3-year investment plan for the moneys deposited in the Greenhouse Gas Reduction Fund. This bill would make a nonsubstantive change to that provision.

[AB 1975](#)

([Chu D](#)) **Nuisance: odors.**

Introduced: 1/31/2018

Status: 2/8/2018-Referred to Com. on NAT. RES.

Location: 2/8/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the Department of Resources Recycling and Recovery, no later than July 1, 2019, to establish the South Bay Interagency Odor Taskforce, with a specified membership, to identify sources of odor emissions and nuisance complaints based on odor emissions received by the Bay Area Air Quality Management District and the City of Milpitas, the City of Fremont, the City of Santa Clara, and the City of San Jose. The bill would require the taskforce, no later than January 1, 2020, to take specified actions, including, among others, developing and implementing a protocol for joint inspections by the air district and the enforcement agency represented on the taskforce.

Notes 1: SPG felt the District may be interested in a nuisance abatement bill specific to the Bay Area APCD.

[AB 1981](#)

([Limón](#) D) Organic waste: composting.

Introduced: 1/31/2018

Status: 2/1/2018-From printer. May be heard in committee March 3.

Location: 1/31/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires the California Environmental Protection Agency, in coordination with the Department of Resources Recycling and Recovery, the State Water Resources Control Board, the State Air Resources Board, and the Department of Food and Agriculture, to develop and implement policies to aid in diverting organic waste from landfills by promoting the composting of specified organic waste and by promoting the appropriate use of that compost throughout the state. Current law requires the Secretary for Environmental Protection and the Secretary of Food and Agriculture to ensure proper coordination of agency regulations and goals to implement these policies and related provisions. This bill would correct an erroneous reference to the Secretary for Environmental Protection in the provision relating to ensuring proper coordination of those regulations and goals.

[AB 2006](#)

([Eggman](#) D) Agricultural Worker Clean Transportation Investment Program.

Introduced: 2/1/2018

Status: 2/12/2018-Referred to Coms. on TRANS. and NAT. RES.

Location: 2/12/2018-A. TRANS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 3/19/2018 2:30 p.m. - State Capitol, Room 4202 ASSEMBLY TRANSPORTATION, FRAZIER, Chair

Summary: Would establish the Agricultural Worker Clean Transportation Investment Program, which would be administered by the State Air Resources Board to fund the deployment of near-zero-emission and zero-emission vehicles, as defined, used for agricultural vanpools, as defined, serving disadvantaged or low-income communities, as defined, to reduce greenhouse gas emissions. The bill would authorize moneys from the Greenhouse Gas Reduction Fund to be available, upon appropriation, for allocation under the provisions of the program.

Notes 1: Another request for funds from the GHG fund.

[AB 2008](#)

([Salas](#) D) Income taxes: exclusion: Carl Moyer Memorial Air Quality Standards Attainment Programs grants.

Introduced: 2/1/2018

Status: 2/12/2018-Referred to Com. on REV. & TAX.

Location: 2/12/2018-A. REV. & TAX

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 3/12/2018 Upon adjournment of Session - State Capitol, Room 126 ASSEMBLY REVENUE AND TAXATION, BURKE, Chair

Summary: The Personal Income Tax Law and the Corporation Tax Law define gross income as all income from whatever source derived, unless specifically excluded. This bill would, under both laws, exclude from gross income any amount provided to a taxpayer pursuant to the Carl Moyer Memorial Air Quality Standards Attainment Program

for the purchase of new zero or low-emission engines.

Notes 1: This is a new Bill dealing with the Carl Moyer program and should be of interest to the District.

AB 2068

(Chu D) Electricity: rates: public schools.

Introduced: 2/7/2018

Status: 2/16/2018-Referred to Coms. on U. & E. and ED.

Location: 2/16/2018-A. U. & E.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/4/2018 1:30 p.m. - State Capitol, Room 437 ASSEMBLY UTILITIES AND ENERGY, HOLDEN, Chair

Summary: Current law authorizes the Public Utilities Commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. This bill would require the commission to require electrical corporations to develop a rate for certain public schools that provides a 35% discount from the rate of a similarly situated class of ratepayers.

AB 2091

(Grayson D) Prescribed burns.

Introduced: 2/7/2018

Status: 2/16/2018-Referred to Com. on NAT. RES.

Location: 2/16/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would establish the Prescribed Burning Board in the Department of Forestry and Fire Protection. The bill would require the board to establish, on or before January 1, 2022, standards for prescribed burning, and establish standards for certification, recertification, and training for certified and insured prescribed burn managers, among other things. The bill would require the board to establish a schedule of fees for purposes of certifying a prescribed burn manager and would establish the Prescribed Burn Fund for deposit of those fees.

Notes 1: There are several bills introduced which deal with forestry management this session. In our opinion, proper forest management is critical to safely manage our forests and attempt to avoid catastrophic wildfires, much less better control emissions from such management practices.

AB 2120

(Quirk D) Fire: agricultural burning.

Introduced: 2/8/2018

Status: 2/22/2018-Referred to Com. on NAT. RES.

Location: 2/22/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires the State Air Resources Board to promulgate guidelines for the regulation and control of agricultural burning for each of the air basins established by the state board. This bill would require the regulations to include a technical discussion of the likely emissions trade-offs of planned prescribed fire or managed wildfire ignitions, as provided.

AB 2145

(Reyes D) Vehicular air pollution.

Introduced: 2/12/2018

Status: 2/26/2018-Referred to Com. on TRANS.

Location: 2/26/2018-A. TRANS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 3/19/2018 2:30 p.m. - State Capitol, Room 4202 ASSEMBLY TRANSPORTATION, FRAZIER, Chair

Summary: Would remove as an eligible projects for the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program those projects that help to facilitate clean goods movements corridors and instead add as eligible projects those that are on or adjacent to the state's multimodal state freight system and those that support grid integration and integrated storage solutions and charging management demonstration and analytics.

[AB 2195](#)*(Chau D) Climate adaptation.**Introduced: 2/12/2018**Status: 2/13/2018-From printer. May be heard in committee March 15.**Location: 2/12/2018-A. PRINT*

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: Current law requires the Natural Resources Agency, by July 1, 2017, and every 3 years thereafter, to update the state's climate adaptation strategy, as provided. Current law requires the agency, by January 1, 2017, and every 3 years thereafter, to release a draft climate adaptation strategy, as provided. Current law states the intent of the Legislature to prioritize the state's response to the impacts resulting from climate change by ensuring all state departments and agencies prepare for and are ready to respond to the impacts of climate change, as specified. This bill would make a technical, nonsubstantive change to that provision.

[AB 2336](#)*(Salas D) Carl Moyer Memorial Air Quality Standards Attainment Program.**Introduced: 2/13/2018**Status: 2/14/2018-From printer. May be heard in committee March 16.**Location: 2/13/2018-A. PRINT*

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: Current law establishes the Carl Moyer Memorial Air Quality Standards Attainment Program authorizes the State Air Resources Board to provide grants to offset the incremental cost of eligible projects that reduce emissions from covered vehicular sources. The program also authorizes funding for a fueling infrastructure demonstration program and for technology development efforts that are expected to result in commercially available technologies in the near-term that would improve the ability of the program to achieve its goals. This bill would make technical, nonsubstantive changes to these provisions.

[AB 2346](#)*(Quirk D) California Renewables Portfolio Standard Program.**Introduced: 2/13/2018**Status: 3/1/2018-Referred to Coms. on U. & E. and NAT. RES.**Location: 3/1/2018-A. U. & E.*

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: The California Renewables Portfolio Standard Program requires the Public Utilities Commission to establish a renewables portfolio standard requiring all retail sellers, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources, as defined, so that the total kilowatthours of those products sold to their retail end-use customers achieves 25% of retail sales by December 31, 2016, 33% by December 31, 2020, 40% by December 31, 2024, 45% by December 31, 2027, and 50% by December 31, 2030. The commission is required to waive enforcement of the renewables portfolio procurement requirements if it finds that a retail seller demonstrates the existence of any of 4 specified conditions. This bill would explicitly authorize the commission to condition waiver of enforcement upon the retail seller purchasing replacement generating resources that result in the least amount of harm to the environment.

Notes 1: This bill seems to be a push back on new RPS goals, providing waivers from procurement of renewable power if it is determined that that the generation has higher environmental impacts than other sources.

[AB 2365](#)*(Acosta R) Vehicular air pollution: emissions standards.**Introduced: 2/14/2018**Status: 2/15/2018-From printer. May be heard in committee March 17.**Location: 2/14/2018-A. PRINT*

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: Current law requires the State Air Resources Board to achieve the maximum degree of emission reduction possible from vehicular and other mobile sources to accomplish the attainment of the state standards at the earliest practicable date. This bill would make technical, nonsubstantive changes to that provision.

[AB 2378](#)*(Salas D) State Air Resources Board: regulations.*

Introduced: 2/14/2018

Status: 2/15/2018-From printer. May be heard in committee March 17.

Location: 2/14/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires the State Air Resources Board to adopt rules and regulations relating to vehicular emissions standards, as specified, that will achieve the ambient air quality standards required by federal law in conjunction with other measures adopted by the state board, air pollution control and air quality management districts, and the United States Environmental Protection Agency. Current law requires the state board to adopt and enforce rules and regulations that anticipate the development of new technologies or the improvement of existing technologies if necessary to carry out its duty. This bill would make a technical, nonsubstantive change to this provision.

[AB 2381](#)

([Carrillo D](#)) Vehicles: emissions: certification, auditing, and compliance.

Introduced: 2/14/2018

Status: 3/1/2018-Referred to Coms. on NAT. RES. and TRANS.

Location: 3/1/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the State Air Resources Board to enhance its certification, audit, and compliance activities for new motor vehicles to detect defeat devices or other software used to evade emissions testing, as specified. The bill would authorize the state board to impose a fee on the manufacturers of new motor vehicles to cover the state board's costs associated with the state board's certification, audit, and compliance activities.

[AB 2453](#)

([Garcia, Eduardo D](#)) Air pollution: schools.

Introduced: 2/14/2018

Status: 2/15/2018-From printer. May be heard in committee March 17.

Location: 2/14/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would state the intent of the Legislature to enact legislation that enacts the School Climate and Pollution Resilience Act of 2018 that, among other things, would direct school districts to work with air districts to develop and implement comprehensive plans for updating school infrastructure to limit pupil air pollution exposure.

Notes 1: If passed this bill could result in new District responsibilities.

[AB 2470](#)

([Grayson D](#)) Invasive species: Greenhouse Gas Reduction Fund.

Introduced: 2/14/2018

Status: 3/5/2018-Referred to Coms. on AGRI. and NAT. RES.

Location: 3/5/2018-A. AGRI.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 3/21/2018 2:30 p.m. - State Capitol, Room 447 ASSEMBLY AGRICULTURE, CABALLERO, Chair

Summary: Would establish the Invasive Species Council of California, composed as prescribed, to help coordinate a comprehensive effort to exclude invasive species already established in the state. The bill would establish a California Invasive Species Advisory Committee to advise the council on a broad array of issues related to preventing the introduction of invasive species and providing for their control or eradication, as well as minimizing the economic, ecological, and human health impacts that invasive species cause. The bill would transfer \$10,000,000 from the Greenhouse Gas Reduction Fund to the Invasive Species Fund this bill would establish in the State Treasury.

Notes 1: An innovative approach toward using GHG Cap and Trade funds.

[AB 2506](#)

([Burke D](#)) State vehicle fleet: near-zero-emission vehicles.

Introduced: 2/14/2018

Status: 2/15/2018-From printer. May be heard in committee March 17.

Location: 2/14/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
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<i>1st House</i>	<i>2nd House</i>	<i>Conc.</i>			
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Summary: Current law, except as provided, requires, beginning December 31, 2025, at least 15% of newly purchased vehicles with a gross vehicle weight rating of 19,000 pounds or more purchased by the Department of General Services and other state entities for the state fleet to be zero emission, and beginning December 31, 2030, at least 30% of those vehicles to be zero emission. This bill would additionally require, beginning January 1, 2020, at least 30% of newly purchased vehicles with a gross vehicle weight rating of 19,000 pounds or more purchased by the department and other state entities for the state fleet to be near-zero emission.

Notes 1: Another move toward zero emission vehicles.

AB 2572

(Calderon D) Pupil health: air quality.

Introduced: 2/15/2018

Status: 2/16/2018-From printer. May be heard in committee March 18.

Location: 2/15/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
								Conc.			
<i>1st House</i>				<i>2nd House</i>							

Summary: Current law requires the governing board of a school district to give diligent care to the health and physical development of pupils. This bill would require school districts to require pupils to remain indoors during school hours when the applicable air pollution control district or air quality management district has issued a public alert for an unhealthy or very unhealthy air quality day. By adding to the duties of school districts, this bill would impose a state-mandated local program.

AB 2645

(Patterson R) Greenhouse Gas Reduction Fund: forestry and fire prevention.

Introduced: 2/15/2018

Status: 2/16/2018-From printer. May be heard in committee March 18.

Location: 2/15/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
								Conc.			
<i>1st House</i>				<i>2nd House</i>							

Summary: Would, beginning in the 2019–20 fiscal year, continuously appropriate \$74,805,000 from the Greenhouse Gas Reduction Fund annually to the Department of Forestry and Fire Protection for purposes of fire prevention activities that reduce greenhouse gas emissions.

Notes 1: Another request for significant funds from the GHG fund for forestry management in California.

AB 2672

(Patterson R) California Global Warming Solutions Act of 2006: wildfires.

Introduced: 2/15/2018

Status: 2/16/2018-From printer. May be heard in committee March 18.

Location: 2/15/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
								Conc.			
<i>1st House</i>				<i>2nd House</i>							

Summary: Would require the State Air Resources Board, in consultation with the Department of Forestry and Fire Protection, to annually submit a specified report to the Legislature that includes, among other things, an estimate of the annual emissions of greenhouse gases associated with wildfires in the state that have burned 10,000 acres or more and a direct comparison of that estimate to the emissions of greenhouse gases offset by the state board's applicable regulatory programs.

Notes 1: Assemblymember Patterson is obviously interested in forestry management, but he also wants to know what the emissions impact is of wildfires compared to typically regulated sources. Perhaps not a bad idea.

AB 2809

(Patterson R) California Renewables Portfolio Standard Program: hydroelectric generation facilities.

Introduced: 2/16/2018

Status: 2/17/2018-From printer. May be heard in committee March 19.

Location: 2/16/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
								Conc.			
<i>1st House</i>				<i>2nd House</i>							

Summary: Would revise the definition of an eligible renewable energy resource for the purposes of the California Renewables Portfolio Standard Program to include hydroelectric generation facilities of greater than 30 megawatts, as specified. The bill would also make conforming changes.

[AB 2814](#)

([Gray](#) D) California Renewables Portfolio Standard Program: hydroelectric generation facilities.

Introduced: 2/16/2018

Status: 2/17/2018-From printer. May be heard in committee March 19.

Location: 2/16/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would revise the definition of an eligible renewable energy resource for the purposes of the California Renewables Portfolio Standard Program to include hydroelectric generation facilities of greater than 30 megawatts, as specified. The bill would also make conforming changes.

Notes 1: Assemblymember Gray is also making the same argument as Member Patterson is doing.

[AB 2885](#)

([Rodriguez](#) D) Air Quality Improvement Program: Clean Vehicle Rebate Project.

Introduced: 2/16/2018

Status: 2/17/2018-From printer. May be heard in committee March 19.

Location: 2/16/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the state board to provide outreach to disadvantaged communities, as defined. The bill would increase rebate payments by \$500 for eligible applicants with vehicles registered in disadvantaged communities and \$1,000 for applicants who are both low income and have an eligible vehicle registered in a disadvantaged community. The bill would require the state board to prioritize rebate payments to both low-income applicants and applicants that have eligible vehicles registered in disadvantaged communities, with the highest priority to be granted to applicants who meet both conditions.

[AB 3001](#)

([Bonta](#) D) Zero-emissions buildings and sources of heat energy.

Introduced: 2/16/2018

Status: 2/17/2018-From printer. May be heard in committee March 19.

Location: 2/16/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Warren-Alquist State Energy Resources Conservation and Development Act requires the State Energy Resources Conservation and Development Commission to adopt building design and construction standards and energy and water conservation standards for new residential and nonresidential buildings to reduce the wasteful, uneconomic, inefficient, or unnecessary consumption of energy and water. Current law requires the Energy Commission, in determining cost effectiveness, to consider certain factors. This bill would additionally require the Energy Commission, in the cost-effectiveness determination, to consider emissions of greenhouse gases from fossil fuel combustion and fugitive emissions that are avoided and progress toward meeting the state's climate goals.

[AB 3020](#)

([Flora](#) R) Wildland: fire protection: prescribed burns.

Introduced: 2/16/2018

Status: 2/17/2018-From printer. May be heard in committee March 19.

Location: 2/16/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Wildland Fire Protection and Resources Management Act of 1978 requires the Department of Forestry and Fire Protection to conduct an experimental program of wildland resources management through prescribed burning and other methods in 2 areas of wildlands, as provided. Current law establishes definitions to govern the provisions of the act. This bill would make nonsubstantive changes to the provisions of law relating to the definitions.

[AB 3070](#)

([Carrillo](#) D) California Global Warming Solutions Act of 2006.

Introduced: 2/16/2018

Status: 2/17/2018-From printer. May be heard in committee March 19.

Location: 2/16/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: *The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act requires the state board to consult with other states, the federal government, and other nations to identify the most effective strategies and methods to reduce greenhouse gases, manage greenhouse gas control programs, and facilitate the development of integrated and cost-effective regional, national, and international greenhouse gas reduction programs. This bill would make technical, nonsubstantive changes to these provisions.*

[AB 3107](#)

([Baker](#) R) *State Air Resources Board: regulations.*

Introduced: 2/16/2018

Status: 2/17/2018-From printer. May be heard in committee March 19.

Location: 2/16/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: *Current law requires the State Air Resources Board to adopt rules and regulations relating to vehicular emissions standards, as specified, that will achieve the ambient air quality standards required by federal law in conjunction with other measures adopted by the state board, air pollution control and air quality management districts, and the United States Environmental Protection Agency. Current law requires the state board to adopt and enforce rules and regulations that anticipate the development of new technologies or the improvement of existing technologies if necessary to carry out its duty. This bill would make a technical, nonsubstantive change to this provision.*

[AB 3113](#)

([Fong](#) R) *California Global Warming Solutions Act of 2006.*

Introduced: 2/16/2018

Status: 2/17/2018-From printer. May be heard in committee March 19.

Location: 2/16/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: *The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to adopt regulations to require the reporting and verification of statewide greenhouse gas emissions and to monitor and enforce compliance with the act. This bill would make a technical, nonsubstantive change to that provision.*

[AB 3187](#)

([Grayson](#) D) *Biomethane.*

Introduced: 2/16/2018

Status: 2/17/2018-From printer. May be heard in committee March 19.

Location: 2/16/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: *Under current law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations. Current law requires the commission to adopt policies and programs that promote the in-state production and distribution of biomethane, as defined, that facilitate the development of a variety of sources of in-state biomethane. This bill would state the intent of the Legislature to enact legislation establishing goals for the procurement of biomethane.*

[AB 3201](#)

([Daly](#) D) *State Air Resources Board.*

Introduced: 2/16/2018

Status: 2/17/2018-From printer. May be heard in committee March 19.

Location: 2/16/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: *Would provide that it is the intent of the Legislature to enact legislation to require the State Air Resources Board to develop and conduct a program to accelerate emission reductions from California's public transit fleet.*

SB 701**(Hueso D)** *Salton Sea Obligations Act of 2018.***Current Analysis:** 08/21/2017 [Assembly Appropriations \(text 7/3/2017\)](#)**Introduced:** 2/17/2017**Last Amend:** 7/3/2017**Status:** 9/1/2017-September 1 hearing: *Held in committee and under submission.***Location:** 8/23/2017-A. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: *Would enact the Salton Sea Obligations Act of 2018, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$500,000,000 pursuant to the State General Obligation Bond Law to finance a program to comply with specified state obligations relating to the Salton Sea. This bill would provide for the submission of these provisions to the voters at the November 6, 2018, statewide general election.*

Notes 1: *We felt important to convey that this bond measure dealing with remediation of the Salton Sea is still under consideration.*

SB 1013**(Lara D)** *Refrigerants.***Introduced:** 2/6/2018**Status:** 2/14/2018-Referred to Com. on EQ.**Location:** 2/14/2018-S. E.Q.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: *Current law prohibits the manufacture and sale of specified chlorofluorocarbons (CFCs) as aerosol propellants, limits the percentage of new motor vehicles equipped with air-conditioners that utilize CFC-based products, requires the State Air Resources Board to adopt regulations to provide for the enforcement of those provisions, and imposes a civil penalty on persons violating those provisions. This bill would apply all restrictions on the use of class I substances, as defined, and class II substances, as defined, under the federal Clean Air Act, as it read on January 19, 2017, except as specified. The bill would authorize the state board to adopt a regulation making those restrictions more rigorous or accelerated in time, as appropriate.*

Notes 1: *This is a newly introduced bill that the District should be interested in tracking.*

SB 1014**(Skinner D)** *Zero-emission vehicles.***Introduced:** 2/6/2018**Status:** 2/14/2018-Referred to Coms. on E., U. & C., EQ., and T. & H.**Location:** 2/14/2018-S. E. U., & C.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: *Would require the Public Utilities Commission, in consultation with the State Air Resources Board, to establish the California Clean Miles Standard and Incentive Program for zero-emission vehicles, as defined, used by participating drivers to provide prearranged transportation services for compensation for a transportation network company with the goal to increase the percentage of passenger miles provided by zero-emission vehicles used on behalf of transportation network companies so that 100% of the passenger miles are provided by zero-emission vehicles by December 31, 2028.*

SB 1027**(Pan D)** *Greenhouse gases.***Introduced:** 2/7/2018**Status:** 2/14/2018-Referred to Com. on EQ.**Location:** 2/14/2018-S. E.Q.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: *The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to adopt a statewide greenhouse gas (GHG) emissions limit equivalent to the statewide GHG emissions level in 1990 to be achieved by 2020. Current law requires specified state agencies to prepare and submit to the Secretary for Environmental Protection specified information for inclusion in an annual greenhouse gas emission reduction report card, including a list of measures that the state agency has adopted or implemented, or that are needed, to meet GHG emission reduction targets, as defined, and information regarding the agency's own GHG emissions. This bill would require the GHG emission reduction targets to also include targets for each employee or category of employees, and would require the information prepared and submitted for the report card to include information about employee*

Notes 1: We find Senator Pan's bill interesting in that it calls for the evaluation of the success of individual state employees to reduce their individual GHG footprint. We are curious whether this would be applicable to the employee while that person is actually on the job, or whether the employee record includes personal time while on the job.

[**SB 1162**](#)

(Pan D) Air monitoring systems.

Introduced: 2/14/2018

Status: 2/22/2018-Referred to Com. on RLS.

Location: 2/14/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires the State Air Resources Board, by October 1, 2018, to prepare a monitoring plan regarding technologies for monitoring criteria air pollutants and toxic air contaminants and the need for and benefits of additional community air monitoring systems, as defined. Current law requires the state board, based on the monitoring plan, to select the highest priority locations in the state for the deployment of community air monitoring systems, and requires an air pollution control or air quality management district containing a selected location to deploy a system in the selected location by July 1, 2019. This bill would make a technical, nonsubstantive change to those provisions.

[**SB 1163**](#)

(Galgiani D) Near-Zero-Emission and Low-Emission Ready-Mix Concrete Truck Replacement Pilot Program.

Introduced: 2/14/2018

Status: 2/22/2018-Referred to Com. on RLS.

Location: 2/14/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would state the intent of the Legislature to enact legislation that creates the Near-Zero-Emission and Low-Emission Ready-Mix Concrete Truck Replacement Pilot Program, as specified. This bill contains other existing laws.

Notes 1: Considering the implications to Ready Mixed concrete trucks, has implications to regulated entities within the MDAQMD.

[**SB 1169**](#)

(Anderson R) Violations: penalties and fines: wildfire incidents.

Introduced: 2/14/2018

Status: 2/22/2018-Referred to Com. on E., U. & C.

Location: 2/22/2018-S. E. U., & C.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Public Utilities Act provides for the assessment of criminal fines and civil penalties for violations of the act or an order, decision, rule, direction, demand, or requirement of the commission. Current law requires that fines and penalties imposed by the Public Utilities Commission pursuant to the act be paid to the General Fund. This bill would require that 10% of any penalty or fine for a violation of the act, or any rule, regulation, general order, or order of the commission, related to the role a utility company, or its facilities or equipment, played in the starting of a wildfire incident shall be deposited into the Wildfire Incident Penalty and Fine Fund, as created by this bill.

Notes 1: Has implications to SCE.

[**SB 1277**](#)

(Hueso D) Salton Sea: governance.

Introduced: 2/16/2018

Status: 3/1/2018-Referred to Com. on RLS.

Location: 2/16/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would state the intent of the Legislature to enact legislation that would create a governance and administrative structure to manage the day-to-day implementation of the Salton Sea Management Program.

SB 1330**(Fuller R)** Toxic air contaminants.

Introduced: 2/16/2018

Status: 3/1/2018-Referred to Com. on RLS.

Location: 2/16/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires the State Air Resources Board to identify toxic air contaminants that are emitted into the ambient air of the state and to establish airborne toxic control measures to reduce emissions of toxic air contaminants from nonvehicular sources. This bill would make technical, nonsubstantive changes to those provisions.

SB 1350**(Stern D)** Climate change: research, development, and demonstration: financial assistance.

Introduced: 2/16/2018

Status: 2/20/2018-From printer. May be acted upon on or after March 22.

Location: 2/16/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would state the intent of the Legislature to enact legislation to establish a new model for providing agile financial assistance for research, development, and demonstration of climate change mitigation technologies with transformational potential. This bill contains other existing laws.

SB 1463**(Moorlach R)** Emissions of greenhouse gases: California Global Warming Solutions Act of 2006.

Introduced: 2/16/2018

Status: 2/20/2018-From printer. May be acted upon on or after March 22.

Location: 2/16/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The State Air Resources Board is required to approve a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020 and to ensure that statewide greenhouse gas emissions are reduced to at least 40% below the 1990 level by 2030. The act requires the state board to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective greenhouse gas emissions reductions. This bill would make a nonsubstantive change to these provisions.

SB 1478**(Leyva D)** California Global Warming Solutions Act of 2006.

Introduced: 2/16/2018

Status: 2/20/2018-From printer. May be acted upon on or after March 22.

Location: 2/16/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to adopt regulations to require the reporting and verification of statewide greenhouse gas emissions and to monitor and enforce compliance with the act. This bill would make a technical, nonsubstantive change to that provision.

Total Measures: 48**Total Tracking Forms: 48****Articles of Interest:****In rare Sacramento appearance, Schwarzenegger says Trump's EPA chief needs to go**

California's most well-known Republican didn't mince words Thursday in assessing the record of President Trump's chief environmental adviser, EPA Administrator Scott Pruitt.

"He is without any doubt the wrong person at that place," former Gov. Arnold Schwarzenegger said. "He does not represent

the people. He only represents the special interests. He should be removed immediately.”

Schwarzenegger was in Sacramento to meet with seven state Assembly Republicans who support environmental protection policies. Last month, the former governor agreed to help the group in creating a new political action committee for electing Republicans in 2018.

“I have a great interest in making sure the Republicans do well in California,” he said after posing for photos with tourists in the state Capitol.

“I mean, the environment is not a political issue. It should be a people’s issue.”

The group met privately for a little more than half an hour in the office of Assemblyman Chad Mayes (R-Yucca Valley), the former GOP leader who stepped down after conservative activists criticized his support for last year’s law to extend the life of California’s cap-and-trade climate program.

It was not the former governor’s only jab at Pruitt, who on Tuesday told a Las Vegas television station that “assumptions” were being made that a warming of the planet “is a bad thing.” The EPA chief has also been critical of California’s long-standing ability to set its own vehicle emission rules.

Schwarzenegger told an audience at the state Air Resources Board Tuesday morning that Republican politics have changed since the days of the agency’s creation in 1968 — a law signed by Republican then-Gov. Ronald Reagan.

“Fifty years later you have Trump appointing Pruitt to the EPA,” he said. “What happened? So sad.”

L.A. County set to build its first new freeway in 25 years, despite many misgiving

The California Department of Transportation, in cooperation with a joint powers authority, will in June begin buying land to build a 63-mile-long high desert freeway connecting Palmdale and Lancaster with Victorville, Apple Valley and Adelanto.

When the Century Freeway opened in 1993, officials said it would almost certainly be the last of the great Southern California freeways, the final chapter in a romance with fast lanes that began just before World War II.

It offered a good example of why the ardor faded. The 105 violated environmental laws, displaced more than 25,000 people and left behind a legacy of noise and pollution in some of Los Angeles County’s poorest neighborhoods. After decades of delays and bitter litigation, its price tag rose to \$2.2 billion, making it the most expensive roadway ever built in the United States.

But now, with little fanfare, officials are again laying the groundwork for the construction of a new freeway.

The California Department of Transportation, in cooperation with a joint powers authority, will in June begin buying land to build a 63-mile high desert freeway connecting the Los Angeles County communities of Palmdale and Lancaster with the San Bernardino County communities of Victorville, Apple Valley and Adelanto.

Officials say the \$8-billion project north of the San Gabriel and San Bernardino mountains would relieve anticipated traffic congestion in the fast-growing region by creating a link between State Route 14 and Interstate 15, and reduce gridlock on Los Angeles-area roads including the 210, 10 and 60 freeways.

But like its predecessor, it’s already raising questions about its environmental toll, impact on communities and funding.

The county’s first new freeway in a quarter-century is something of a throwback, as regional planners have shifted their focus in recent years toward mass transit and infill development to combat snarled traffic and housing shortages. Yet it serves as a reminder that even as Los Angeles moves to encourage more density in its urban neighborhoods, development continues to push into the scrublands on the county’s fringes.

Since the completion of the 105, Palmdale and Lancaster have seen their populations surge — even landing among the nation’s 10 fastest-growing cities in 2007, according to the U.S. Census Bureau. Though the Great Recession slowed their boom, the expanse of desert has “the most space and long-run growth potential in the county,” said Robert Kleinhenz, executive director of research at Beacon Economics, a consulting firm whose clients include UC Riverside.

The freeway would be part of a High Desert Corridor with a rapid-transit rail, linking to a proposed high-speed rail to Las Vegas, and a bikeway. Funded with public-private partnerships, it could be in operation within 20 years, Ryan McEachron, coordinator of the joint powers authority, said.

“This is an exciting, high-priority project,” McEachron said. “Some would argue we need it immediately, given the traffic congestion on existing freeways, which is only going to get worse.”

The environmental impact report has already been approved, paving the way for right of way agents to begin acquiring land this spring with \$274 million generated by Measure M, a sales tax increase approved by Los Angeles County voters in 2016 to build transportation projects over the next 40 years.

How much of the Mojave Desert terrain in the vicinity of the project would survive as it is today — fragile ecosystems interspersed with ranches and isolated communities far removed from the confines of city life — is an open question. Critics argue the project would induce sprawl, traffic congestion and air pollution. Developers, they say, want to build up the area for profit and not necessarily to reduce commute time.

On a trail winding under canopies of angular Joshua tree branches a few miles east of Palmdale, Bryn Lindblad, associate director of the nonprofit Climate Resolve, lamented the ecological destruction that would come with freeway construction.

The area is part of an arid empire of Joshua trees, cactus, bobcats, tortoises and kangaroo rats hemmed by steep slopes, dry lakes and arroyos fringed with creosote bush.

It is also within proposed right of way for the freeway’s six to eight lanes.

“You’re looking at the proposed site of a freeway off-ramp,” Lindblad said, nodding further up the trail. “It would be one of several that would overnight become hives of gas stations, fast-food restaurants and motels.”

“It would destroy some of our last open space to create more suburban sprawl, undermining efforts to reduce congestion and making climate goals a farce.”

A lawsuit filed by Climate Resolve in Los Angeles Superior Court challenging the validity of corridor’s environmental impact report is expected to go to trial later this year.

However, the most serious obstacles in the path of the project seem to be financial.

How or when San Bernardino County would be able to pay for its stretch of right of way, which must be 500 feet wide in order to accommodate the freeway and rail, hasn’t been settled.

State and county officials say they may decide to build in phases as funding becomes available. Proposals to make certain stretches of the freeway, or its entire length, a toll road are also under discussion, officials say.

Whether or not the freeway gets built at all, they say, may hinge on the pork-barrel largesse and private investment spurred by the Trump administration’s highly touted plan to renovate the nation’s crumbling roads, airports, bridges and railways.

“Private investors probably won’t want to put their money into the corridor without assurances of significant federal support,” McEachron said.

In a letter to Trump in April, Robert Lovingood, a San Bernardino County supervisor and chairman of the joint powers authority, was more blunt: The corridor will not succeed, he said, without credit assistance from Department of Transportation loan programs.

The administration has yet to respond. But Brian Taylor, director of UCLA’s Institute of Transportation Studies, described the situation as “the freeway builder’s dilemma: Construction in advance of anticipated demand is a risky proposition, and investors want to see immediate returns.”

Still, Taylor said he was surprised “that things have progressed so quickly on this project up to this point.”

Now, high desert cities are jockeying for control of adjacent land where off-ramps and rail stations could produce lucrative income streams.

In unincorporated, low-income areas with little clout in the speculative maneuvering, residents worry their proximity to the

corridor will make them attractive to developers, leading to the displacement of neighbors. Others look forward to new development and jobs fanning out across an arid landscape they say has been largely ignored for decades by county agencies.

The route would run roughly parallel to State Route 18 and State Highway 138, also known as Pearblossom Highway. Congestion is a problem on Highway 138 thanks to big rigs, commuters and travelers to Las Vegas.

These tensions converge in El Mirage, a solitary enclave of 1,000 surrounded by barren hills, about 10 miles west of Adelanto. Its convenient desolation has made it a place where city dwellers come to run wild, myriad movies and commercials are filmed and experimental military drones soar in the sky.

But that's not what Jessie Flores, economic development director for Adelanto, saw through the windshield during a tour in November.

"El Mirage is a land of opportunity for Adelanto," he said.

Adelanto wants to annex El Mirage and 62 square miles surrounding it because it may eventually provide new economic opportunities, including millions of dollars in corridor-related development surrounding as many as three offramps, Flores said.

In El Mirage, where the median price of a home is \$120,000, compared with \$200,000 in Adelanto, community activists are "fighting for the best deal we can make," said Debra Hill, a spokeswoman for the El Mirage Improvement Assn.

"Suddenly, we're seen as a cash cow for Adelanto — and that's our leverage," Hill said. "This could be our chance to land some local development and jobs, and maybe even make enough money on rising property values to move someplace else."

However, preliminary annexation discussions came to an abrupt halt in November after Adelanto Mayor Pro Tem Jermaine Wright [was arrested for allegedly accepting a bribe](#) from an undercover FBI agent and plotting to burn down a local restaurant. Wright, 41, pleaded not guilty to the federal charges and is awaiting trial.

In the meantime, "We're cooling our jets on annexation until we figure out whether the FBI has completed its investigation at Adelanto City Hall," she said. "But overall, I'd say things are finally looking up a bit for El Mirage." Flores would not argue with any of that. He's seen what a new freeway can deliver. Though transportation experts caution that [adding automotive lanes doesn't always live up to its traffic-taming promise](#), he is a believer in the allure of an open road.

"Let me tell you a story," he said. "On a spring day 25 years ago, I was in my first car — a blue 1964 Volkswagen — and at the head of a line of vehicles waiting for the Century Freeway's grand opening ceremony to end."

"Moments after officials cut the red ribbon," he recalled with a smile, "I put my car in gear and rolled onto the new freeway thinking, 'Thank God, I'll get home on time.'"

Californians voted to spend billions on more water storage. But state government keeps sitting on the cash

By GEORGE SKELTON

FEB 12, 2018

We could be headed into another drought. There's little Sierra snow and valleys are dry. Is California ready this time?

Not really.

Good signs: There's still a lot of water stashed in reservoirs from last year's abnormally wet winter. And we've become better at using less water in our homes and yards.

One very bad sign: We haven't increased our water storage capacity.

Government at all levels moves at a glacial pace, especially when it's trying to deal with the complex and contentious issue of water.

Four years ago in the midst of a scary, five-year drought — one of the state's driest periods in recorded history — voters eagerly approved a \$7.5-billion water bond proposal, Proposition 1. The vote was a lopsided 67% to 33%.

A key selling point was \$2.7 billion set aside for additional water storage. Most voters probably envisioned new dams, although projects to replenish groundwater basins also were eligible for the money.

The remaining \$4.8 billion was earmarked for myriad things: regional projects, recycling, desalination, watershed restoration, environmental protection, groundwater cleanup, wastewater treatment, flood control. Roughly 86% of that money has been appropriated by the Legislature, although only 14% has been spent.

In writing the ballot measure, legislators handed the \$2.7-billion storage pot to the California Water Commission to safeguard it from legislative politics. How much of the money has the commission allocated? Zilch. In fact, no projects have even been approved.

Tempers flared in the water world recently when 11 proposals scored badly in the first round of competition for the bond bucks.

"It's causing lots of people to scratch their heads," says Tim Quinn, executive director of the Assn. of California Water Agencies.

Water is wonky and the laws are convoluted.

Basically, water projects for agriculture and domestic use are funded by consumers. That means irrigation and water districts finance the projects and bill the ratepayers.

[More from George Skelton »](#)

But under Proposition 1, the state general fund — paid into by all taxpayers — will kick in for bonds to fund a project's "public benefits." These benefits include such things as recreation, flood control and environmental protection. The \$2.7 billion can only be spent on public benefits and cannot exceed 50% of a project's cost.

There seems no danger, however, of state money coming anywhere close to paying for half of most projects.

"We've got applications asking for a total of \$5.8 billion and we have \$2.7 billion," commission Chairman Armando Quintero says. "This is a competitive process."

Just what the competition rules are, however, is baffling local water officials. So Quintero and his staff have been meeting with project honchos to help them tweak their money requests. A final decision on what each project will get is slated for July.

So far, the commission staff has found little or no public benefit to most of the projects.

Scoring highest were two "conjunctive use" projects that would bank reservoir water underground for use in dry years. One is in Sacramento County. The other is in the Chino Basin water district in San Bernardino County.

But the commission staff wasn't very enthusiastic about two big dam projects.

One is Sites, 14 miles west of the Sacramento River near Colusa. It leads virtually everyone's A-list for new reservoir proposals. It could hold 1.8 million acre-feet of water and become California's seventh largest reservoir. Total cost: \$5.2 billion. Local leaders asked the state for nearly \$1.7 billion. The commission staff found the project eligible for only \$662 million.

"It's disappointing," says Jim Watson, general manager of the Sites project, which involves 33 water agencies and local governments. "This reservoir is long overdue and needed."

But Sites fared much better than the proposed \$3-billion Temperance Flat dam on the San Joaquin River near Fresno. Its storage capacity would be nearly 1.3 million acre-feet. Backers asked for \$1 billion. The staff judged it eligible for zero.

"Four years later [after the bond vote] and no storage money has been spent," complains state Sen. Jim Nielsen (R-Gerber). Sites would be built in his district. "That's the disgusting and frustrating way government works."

There's a suspicion among many Republicans and dam advocates that the Democratic-controlled state government, influenced by environmentalists, is looking for any excuse not to build more reservoirs.

"That's the furthest from the truth," says Chris Orrock, spokesman for the Water Commission. "We just want to make sure the benefits are real and they're realized. This is an investment program, not a grant program."

Quintero, the commission chairman, says: "Every single commissioner is interested in seeing that all the money goes out for water storage."

Most people would probably say that California needs several more dams. But, in fact, there are more than 1,400 dams in the state. At least 1,000 are major, and 55 can hold more than 100,000 acre-feet of water. The largest 200 have a combined capacity of 41 million acre-feet.

There's at least one dam on every river running off the west slope of the Sierra, except the Cosumnes, which doesn't have enough water to bother.

Dam builders need to be leery of earthquake faults. They're all over California.

Refilled aquifers, recycled water and desalination are the future — not several more humongous, expensive dams.

But there's no reason to keep sitting on \$2.7 billion the voters want spent on new water storage.

Mad about L.A.'s air quality? Blame common products like hairspray and paint, not just cars

By AMINA KHAN

FEB 15, 2018 | 11:10 AM

When it comes to air quality, the products you use to smell nice or keep your kitchen clean could do just as much damage as the car you drive. A new study of the air around Los Angeles finds that consumer and industrial products now rival tailpipe emissions as a source of harmful atmospheric pollutants.

The findings, published Thursday in the journal *Science*, reveal a shift in the balance of polluting power in cities — one that may prompt researchers and regulators to step up their focus on a wide range of goods such as hairspray, paint and deodorant.

"As we control some of the biggest sources in the past, other sources are emerging in relative importance, such as the use of these everyday chemical products," said study leader Brian McDonald, a research chemist with the University of Colorado at Boulder and the National Oceanic and Atmospheric Administration.

"In some ways," he pointed out, "this is a good news story."

Air pollution is a leading cause of health problems worldwide. Exposure to ground-level ozone and particulate matter contributes to asthma, lung cancer, cardiovascular disease and other serious ailments, according to the World Health Organization. A report last year in the journal *Lancet* ranked air pollution fifth among risk factors to human health, behind malnutrition, poor diet, high blood pressure and tobacco use.

Much of the stuff in air pollution forms from reactions with volatile organic compounds, or VOCs, a wide range of carbon-based chemicals that easily escape into the air and that humans produce in huge amounts.

In the past, car exhaust was the predominant source of those man-made VOCs. That's been especially true in Los Angeles, a freeway-laced land of long commutes that a few decades ago was wreathed in dark, heavy layers of smog.

A reminder of how smoggy downtown Los Angeles used to be. This photograph is from the summer of 1990, before cars — and the air — became cleaner.

A reminder of how smoggy downtown Los Angeles used to be. This photograph is from the summer of 1990, before cars — and the air — became cleaner. (Robert Durrell / Los Angeles Times)

But as restrictions on tailpipe emissions have tightened and automotive technology has improved, the amount of VOCs has dropped and the air has cleared substantially. (Cars still produce tons of carbon dioxide, an invisible greenhouse gas that scientists say is contributing to global warming, but that's another story.) Scientists wanted to see what that evolution meant for L.A.'s air pollution profile.

"As the mix of chemicals in the atmosphere has changed, how is that impacting air quality in the region — and generally, in any urban environment?" asked study co-author Christopher Cappa, an environmental engineer at UC Davis.

Cappa and his colleagues looked at data on the contents of outdoor air to see what pollutants they would find. They soon noticed that levels of certain VOCs, such as ethanol and acetone, were far too high to be explained by vehicle emissions alone.

"That implies that there's some other source," he said.

So the scientists went looking for those sources.

They made highly sensitive chemical measurements of air in the Los Angeles area. They also pored over chemical production statistics from industry and regulatory agencies.

The work revealed that many common products — including pesticides, paints, printing inks, adhesives, cleaning agents and personal care items such as body spray and hairspray — were full of volatile organic compounds that could be released into the air.

Since many of these VOC-containing products are used indoors, the scientists reviewed previous research on the air quality of interior spaces. Sure enough, the indoor concentrations of VOCs from these products were roughly seven times higher than they were in ambient air.

The researchers think that some of those compounds were probably leaking out of those buildings and polluting the greater environment.

Putting all of this together to create a coherent portrait of air pollutant sources was no easy task, said John Seinfeld, an atmospheric chemist at Caltech who was not involved in the paper.

"It's a landmark accomplishment to have done this," Seinfeld said. "It will stand as an important piece of work."

By weight, people use about 15 times more fuel than they do any of these VOC-filled products like deodorant and hand sanitizer.

And yet, even though they're a tiny sliver of the petrochemical pie, consumer and industrial products emit roughly the same level of VOCs as fuel-burning vehicles.

Part of the problem is in the very nature of these household items, scientists said. While fuel is meant to be burned, the VOCs in many consumer products are meant to escape into the air.

"Many of the volatile chemical products that we use every day are intended to simply evaporate," said study co-author Jessica Gilman, a research chemist with NOAA. "Think of using hand sanitizer in cold and flu season, scented products, the time spent waiting for paint, ink and glue to dry."

All of these, she said, involve "waiting for these volatile chemical products to evaporate."

Petroleum-based chemicals in products like soaps and paints are a major contributor to Los Angeles' air pollution, a new study suggests.

The study authors pointed out that while U.S. regulations on VOC-containing products emphasize the need to mitigate the ozone and other toxins that are created when VOCs react in the atmosphere, those regulations currently exempt many chemicals that lead to secondary organic aerosols — which make up much of urban air pollution.

It's not just a problem for Los Angeles. Though the study focused on the Southland, its conclusions could have implications for cities across the U.S., Seinfeld said — although they might have slightly different "atmospheric cocktails."

"In Houston, there will be more emissions from large refineries and chemical plants that don't exist in L.A.," he explained. "In the southeast U.S., the air is influenced a lot by emissions from vegetation."

This new work points to a need to adapt research, and perhaps tailor regulations, to the changing pattern of emissions in cities, said Alastair Lewis, a researcher at the University of York in England who was not involved in the research.

"As knowledge of VOC chemistry improves, it will become possible to develop more targeted approaches to reducing impacts," Lewis wrote in a commentary that accompanied the study. "Prioritizing those VOCs with the greatest aerosol formation potential — for example, through reformulation of consumer products — would be one option. Industry sectors that have until now been left outside of VOC emissions controls may, in a cleaner electrified future, receive more direct attention from regulators."

But figuring out exactly which VOCs are the most problematic will take more research, the scientists said.

Ravi Ramalingam, chief of the Consumer Products and Air Quality Assessment Branch of the California Air Resources Board, pointed out that the VOCs in consumer products have been regulated with an eye toward keeping toxic chemicals and ground-level ozone out of the air. Understanding their effects on fine particulate matter helps fill in the picture of air pollution, he said.

"We're really pleased that this kind of work is going on and we're looking forward to engaging with the research team," Ramalingam said.

California's pollution cops crack down on big rigs. That might start a fight with Trump

BY DALE KASLER

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February 27, 2018

California is already wrestling the Trump administration over the levels of air [pollution spewed by cars](#). Now the state is set to tangle with the White House over pollution from big rigs.

The state's powerful air pollution agency, the California Air Resources Board, voted earlier this month to impose a broad set of regulations to reduce greenhouse gases, nitrogen oxide and other pollutants emitted by trucks and tractor-trailers over the next nine years.

California's new regulations, designed to combat climate change, smog and other problems, are largely in sync with rules established by the U.S. Environmental Protection Agency during the Obama administration. The state is forging ahead with Obama-era regulations that limit pollution caused by trailers and retrofitted trucks known as gliders. But the Trump administration is actively considering repealing those rules.

Gliders in particular are highly controversial. These are vehicles fashioned out of new exteriors but driven by older engines and transmissions, and the EPA's plan to rescind those regulations at the national level has kicked up a storm. The EPA has been relying largely on university research funded by a Tennessee manufacturer of gliders -- research that was just disavowed by the university itself.

California's air agency, known as CARB, voted to move ahead with the rules governing gliders and trailers in spite of the Trump administration's moves. State officials said the vehicles represent major pollution sources and a threat to public health. CARB has hinted it might sue the Trump administration if it rescinds the regulations.

"With the Trump administration moving to roll back some of those standards, it's important for California to step in and assert our continuing leadership role," said Bill Magavern of the Coalition for Clean Air, a Sacramento environmental organization.

But can California simply defy the Trump administration?

Legal experts said it's unclear if California has the authority to set its own rules; generally speaking the state needs permission from Washington if it wants to set air-pollution regulations that are stricter than the feds. Sean Hecht, a UCLA environmental law expert, said California might have to go to court to preserve its rule-making authority.

"You can see the frustration California officials have in trying to address this," Hecht said. "California would be at a lot of risk of having to deal with trucks that don't comply with California law."

For its part, California indicated that it's prepared for a fight if the EPA rescinds the Obama rules on gliders and trailers.

"CARB anticipates fully assessing its available options after U.S. EPA finalizes any proposed amendments or repeal of the existing trailer or glider provisions," said agency spokeswoman Karen Caesar in an email.

Much of the trucking industry supports California's approach, even though the tougher rules will make it more expensive to operate. Trucking companies are under pressure from retailers and other clients to go green. Having dark smoke belching from their vehicles "gives the industry a black eye," said Bob Ramorino, president of Roadstar Trucking in Hayward and a board member of the California Trucking Association.

CARB officials said truckers have another incentive to embrace California's rules: Reductions in greenhouse gas emissions go hand-in-hand with improved fuel efficiency. California projects that the rules will gradually improve trucks' average fuel economy from 6 mpg to 9 mpg, eventually saving them money.

"They feel like it's important to improve efficiency and reduce greenhouse gases," said CARB board member Daniel Sperling, a transportation professor at UC Davis. "This is, in their minds, a fairly reasonable performance target."

Above all, though, the industry is worried about a potential rift between California and the feds. Truckers don't want to have to play by two sets of rules -- one for California and one for every other state. "We would like one unified national standard," said Chris Shimoda, the head of regulatory affairs for the California association.

With hundreds of thousands of trucks on California's roads, there's a lot at stake. The transportation sector accounts for about 40 percent of all the greenhouse gases emitted in California, and trucks generate one-fifth of the transportation total, according to CARB data (Cars are the largest source of transportation greenhouse gases, at 60 percent). The agency says its rules will remove millions of tons of carbon dioxide, the main greenhouse gas, from the atmosphere over the next three decades.

California's disagreements with the White House over air pollution began soon after Donald Trump became president. Last March Trump, at the urging of automakers, announced that the government was rethinking Obama-era rules that would reduce greenhouse-gas emissions from cars and light trucks, starting with the 2022 model years. A week later CARB formally renewed its commitment to [impose the Obama rules](#). The EPA isn't expected to make a final decision on the car regulations until April 1.

The dispute over the truck rules began last August. EPA director Scott Pruitt announced that the federal agency was rethinking the standards governing gliders and trailers. Pruitt vowed to incorporate "the latest technical data" in the reviews.

Pruitt acknowledged that he had been hearing complaints from industry. Trailer manufacturers were already suing the federal government to block the rules, arguing that trailers can't be regulated for air pollution because they don't actually pollute. "They emit nothing, and they lack engines," the manufacturers said in their lawsuit.

California officials said the lack of an engine is irrelevant. The standards adopted by CARB require trailer manufacturers to streamline their aerodynamic design in order to reduce drag and improve fuel mileage.

As for the gliders, CARB's deputy executive officer, Steve Cliff, went to Washington in December to protest the potential rollback of the regulations. He said gliders are heavy emitters of greenhouse gases as well as soot and nitrogen oxide, the key component in the formation of smog.

"Gliders are so much hither emitting than modern trucks that even if only a small number of them operate in California, California's overall air quality progress will be impeded," he told the EPA in prepared testimony. "It is CARB's position that a repeal of the glider (rules) would frankly be illegal."

Gliders have become a growth industry in recent years because they're cheap. It's about 20 percent to 30 percent cheaper to buy an old engine and a "glider kit" than to buy a new truck from scratch. CARB believes at least 862 gliders are operating in California, "with approximately 97 percent of them equipped with pre-2007 engines," Caesar said.

CARB says gliders emit 40 times as much nitrogen oxide as modern trucks. Soot emissions are as many as 450 times higher. That alone gives California justification to crack down on those vehicles, state officials say.

"It seems like such a no-brainer that it didn't require a lot of thought," said Sperling, the CARB board member. "They were really abusing the rules."

The furor over the glider industry has intensified in the past week amid revelations that the EPA has been relying [largely on a university study](#), funded by the nation's largest manufacturer of glider kits, Fitzgerald Glider Kits of Byrdstown, Tenn., in its review of the regulations. On Monday the president of Tennessee Technological University urged the EPA to disregard the study. The study said emissions from glider trucks are no worse than brand-new vehicles with state-of-the-art anti-pollution technology.

"Knowledgeable experts within the University have questioned the methodology and accuracy of the report," Tennessee Tech president Philip Oldham said in the letter to EPA Administrator Scott Pruitt.

The EPA, however, is now insisting it isn't basing its review on the Tennessee Tech study - even though it cited the research in an official rule-making document it released last November. In a statement Wednesday quoted by the New York Times, the EPA said it was revisiting the glider rules because its lawyers had determined the agency really doesn't have the authority to regulate the vehicles.

"EPA did not rely upon the study or even quote directly from it," the agency said.

Tax agency rejects 4-cent increase in gas taxes, giving Jerry Brown a \$617 million problem

BY ADAM ASHTON
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March 01, 2018

Gov. Jerry Brown's office has to find another \$617 million for his next budget because a tax-collecting agency he gutted last year has used some of its waning authority to reject a 4-cent increase in fuel taxes.

Normally, the Board of Equalization's annual requirement to set fuel tax rates is almost automatic. It has tweaked recommendations, but it has not rejected them.

This time, two Board of Equalization members said they did not want to hike fuel taxes so soon after the Legislature's adoption of a separate 12-cent per gallon gas tax that took effect in November.

"I've never voted for a tax increase on gasoline for my constituents. It hurts them," said board member Diane Harkey, a Republican who is running for Congress.

She was joined by Democrat Jerome Horton, who said the administration did not make a compelling case.

"It's the equity of it that I'm having pause," he said, arguing that lower-income people with long commutes would suffer because of the extra tax.

Republican George Runner was absent and did not vote. Democrat Fiona Ma and Deputy State Controller Yvette Stowers voted to support the recommendation from Brown's office.

The Legislature gave the Board of Equalization responsibility for fuel taxes in 2010, when the state shifted its model for collecting some taxes on fuel.

Previously, the state charged a sales tax based on the prices consumers pay. Now it charges an excise tax that levies a tax on each gallon purchased.

The Board of Equalization is supposed to make sure that revenue from the excise tax does not exceed the total amount of money that the state would have collected from a sales tax on gasoline. It sets the rate each year based on projections from its staff.

The Board of Equalization loses that authority next year. The Legislature reclaimed oversight over gas taxes with Senate Bill 1, the bill that levied the new, special 12 cent per gallon gas tax.

The board's decision leaves the fuel excise tax at 29 cents per gallon for another year. It would have climbed to 33 cents per gallon had the board approved the department's recommendation.

The Legislature and Brown last year stripped the Board of Equalization of almost all of its power and staff. It retains oversight of property taxes and several other fees. Most of its portfolio moved to the new California Department of Tax and Fee Administration.

Finance Department spokesman H.D. Palmer said the administration would account for the revenue loss in Brown's May budget revision. Losing the 4-cent hike will cut \$271 million for local road projects, \$271 million for highways and \$75 million for a maintenance program.

That said, the state expects to collect an addition \$5.4 billion for roads through the new gas tax, and the overall state budget is running a surplus that is expected to give the state \$19 billion in reserves by July 1, 2019.

Spend gas tax money ASAP, new Caltrans leader says of directive from Gov. Jerry Brown

BY TONY BIZJAK AND ADAM ASHTON

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March 01, 2018

Caltrans' new director takes her seat this week with immediate marching orders: Spend money, and spend it fast.

Gov. Jerry Brown has asked new Caltrans head Laurie Berman and new Transportation Secretary Brian Annis to turn the state's gas tax hike into quick and visible highway improvements.

The pair describe it as a historic opportunity and a major challenge.

"Right now is a great time to be in transportation," Berman said. "With (gas tax legislation) SB 1 we've got a lot to deliver, which is exciting. For a long time we did not have the funding to adequately maintain our system."

State transportation accounts are expected to see \$5.4 billion annually as a result of Senate Bill 1, a Brown initiative that raised the gas tax 12 cents per gallon and increased vehicle registration fees.

"At the end of the day, we just need to be able to deliver the projects in a way the public finds meaningful and notices."

Berman, who got her start 34 years ago as a Caltrans bridge inspector and recently headed the San Diego district office, will replace outgoing director Malcolm Dougherty on March 3.

She will join Annis, whom Gov. Jerry Brown elevated last week to State Transportation Agency secretary, replacing Brian Kelly, now CEO of the High-Speed Rail Authority.

Caltrans oversees state highways and rails., while the Transportation Agency acts as umbrella organization for Caltrans, California Transportation Commission, DMV, CHP, High-Speed Rail Authority and other transportation-related departments.

The state's stewardship of the gas tax already has come under attack from conservatives who hope to place a repeal measure on the November ballot. Jon Coupal, president of the Howard Jarvis Taxpayers Association, argues that state leaders have neglected transportation infrastructure for years, leaving him skeptical about the Brown administration's current intentions.

"I think it is transparent what they are trying to do," he said. "Look, see we are building projects like we promised. Their motivation is that this rollback is pending."

In interviews last week, Berman and Annis deflected questions about the repeal effort, but acknowledged they must show that the state is spending the tax money efficiently and effectively.

"Our focus is on a good implementation of the program with good transparency, good oversight, getting the projects delivered ... so the public sees the benefits as quickly as possible," Annis said.

"It is going to be a bit of a challenge," Berman said. "We have to design the projects before you will start to see them. We've been able to accelerate some of the work."

SB 1 funds have been flowing into state coffers since November. Caltrans has published a list of 13 projects that it has started and finished with SB 1 funds. The largest was a \$10 million highway resurfacing near Needles in rural San Bernardino County. The smallest was a \$1.5 million resurfacing of Highway 113 near Dixon in Solano County.

California's gas tax increase has fast-tracked road repair projects as supporters hope to stave off a repeal

FEB 15, 2018

Motorists on the 605 Freeway may have recently noticed their ride getting smoother when they pass through El Monte — at least state officials hope they have.

Three months after the state began collecting an extra 12 cents per gallon in [gas taxes](#), officials have put dozens of road and bridge repair projects on the fast track. With momentum growing for a Republican-led campaign to repeal the gas tax hike, nervous proponents of the higher charges are hoping the flurry of construction activity on California highways will save the \$54 billion the levies will generate during the next decade for the state's badly neglected road system.

The stakes were raised Monday when President Trump announced plans to provide up to \$200 billion in federal funds for road and other infrastructure projects, focusing heavily on the ability of states to provide substantial matching funds to receive a share of federal money.

"The proposed repeal of SB 1 would not only rob our state and local governments of vitally needed state funding, but now we learn that it could also hamper our ability to receive federal funding," said Matt Cate, executive director of the California State Assn. of Counties.

So far, \$503 million in SB 1 revenue has been received, some of which went to cities and counties. The California Department of Transportation has spent \$118 million in gas tax money on maintenance projects, completing 11 jobs and awarding contracts for 15 others. In addition, work has begun on 252 others, such as design and necessary engineering and environmental studies, said Matt Rocco, a Caltrans spokesman.

"Caltrans' quick work shows we are fixing and repairing the roads now," said Sen. James Beall (D-San Jose), author of the gas tax bill. "I think the quick turnaround proves that we can get the job done. I hope that resonates with voters."

In some cases, the expectation of new tax revenue allowed Caltrans to front existing money so projects could be completed earlier with the idea that the costs would be replenished as the SB 1 funds arrive.

Projects completed early include a \$2.6-million job, which wrapped up Dec. 4, that resurfaced three miles of Interstate 605 between El Monte and West Covina. Next month, Caltrans is scheduled to spend \$1.7 million to resurface nearly seven miles of Interstate 5 between Interstate 605 and Washington Boulevard in the Los Angeles area.

Another 26 large road and highway improvement projects are in the design and pre-construction stages in Los Angeles County, and preparing to break ground in the coming months — much earlier than they would have started without the gas tax increase, officials said.

The expediting of projects is taking place as a group of Republican members of Congress from California nears the finish line in collecting signatures for a proposed ballot measure to repeal the gas tax increase that [took effect Nov. 1](#), and the rise in vehicle fees that kicked in Jan. 1.

State officials hope that voters will see potholes disappear and, as a result, may be less likely to sign the initiative petition or vote for it should it make this year's Nov. 6 ballot.

Opponents of the gas tax don't believe the state construction spree will work to dissuade voters from repealing the tax hikes.

The opponents are close to collecting the 538,000 signatures needed to qualify the ballot initiative, according to former San Diego City Councilman Carl DeMaio, chairman of Reform California, a group pushing the repeal initiative.

"Voters are smarter than the politicians think — they know that any projects being done today are just window dressing as part of the campaign to keep this tax in place," DeMaio said. "Once the campaign is over, the projects will disappear and the money will be stolen again."

Gov. Jerry Brown signed the tax increase into law last April. Starting Nov. 1, the measure raised the state excise tax on gasoline by 12 cents, and increased the excise tax on diesel fuel by 20 cents. The sales tax rate on diesel was boosted from 9% to 13%.

Those provisions brought the state an extra \$444 million in November and December, the last months for which figures are available.

Beginning Jan. 1, the law created a new annual "transportation improvement fee" on vehicle registrations ranging from \$25 for cars valued at under \$5,000, to \$175 for cars worth \$60,000 or more. That fee brought in \$59 million in early payments during the last two months of 2017.

In lieu of gas taxes, electric car owners will pay a \$100 annual fee starting in 2020.

The taxes and fees, when fully implemented, are expected to generate \$5.4 billion annually. This budget year, which ends June 30, the take is estimated to be \$2.8 billion. Next year, that will rise to \$4.6 billion.

Some of the money will go to cities and counties. In January, the California Transportation Commission awarded more than \$173 million to 57 local projects that will be allocated in fiscal years 2017-18 and 2018-19.

Caltrans Director Malcolm Dougherty said the approval of SB 1 in April let the department expand the number of projects funded this year and accelerated construction for dozens of repair jobs.

The state is in a race to get as many projects started as it can in the face of a threat that voters might repeal the tax hikes in November.

"We are moving forward as quickly and as appropriately as possible to bring the transportation improvements to the people of California," Dougherty said. "If the referendum were successful, then that would terminate any of those future investments."

Brown's gas tax money accelerates repair projects

More than \$30 million in highway projects have been completed or started from SB 1 money.

To make sure the public sees progress being made, Caltrans has created a [website](#) that allows residents to follow the status of

projects throughout the state.

If the ballot measure qualifies, voters can expect to see Brown out campaigning against it and touting completed projects.

"I will do everything in my power to defeat any repeal effort that gets on the ballot, you can count on that," Brown said last month in his State of the State address.

The flood of construction work underway will help the gas tax politically if the repeal measure makes the ballot, according to Roger Dickinson, executive director of Transportation California, an advocacy group of construction firms and labor unions.

"Projects are underway all across our state to increase safety, ease congestion, fill potholes, and repair bridges and overpasses," Dickinson said. "Californians want to see these improvements keep going. If the SB 1 repeal initiative makes it to the November ballot, it will be defeated.

California water agency gets scolded: Speed up spending billions on new reservoirs

BY DALE KASLER

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February 21, 2018

With California facing another potential drought, legislators demanded Wednesday that a state agency release \$2.7 billion in bond funding for dams, reservoirs and other water storage projects.

Assembly Republican Leader Brian Dahle, pulling a child's red wagon, arrived at a meeting of the California Water Commission with a stack of petitions with 4,000 signatures supporting the two largest reservoir projects seeking bond money: Sites Reservoir north of Sacramento and Temperance Flat in the San Joaquin Valley. "Farmers like myself are concerned about the shortage of water – we're seeing another drought cycle," he told the commission.

The commission, which is in charge of doling out \$2.7 billion in Proposition 1 bond money approved by voters in 2014, has come under attack in recent weeks. In January, the its staff issued a preliminary determination that the 11 projects under consideration aren't eligible for nearly as much funding as they'd like.

Lawmakers and others accused the commission of effectively thwarting the will of the voters.

"Many people agree these projects make a lot of sense ... but still received low scores (from the commission's staff)," said Assemblyman James Gallagher, R-Yuba City. "There's very clearly a mandate that this money be spent."

Commission officials insisted that they're ready to fund eligible projects but need more information from project proponents.

"The commission is anxious to get the money out the door," said chairman Armando Quintero. The commission expects to make final decisions in July.

Under Proposition 1, the commission can't award funding for projects that merely store water for individual water agencies; it can only fund "public benefits," with an emphasis on eco-system improvements that help the troubled Sacramento-San Joaquin Delta.

The preliminary evaluation by the commission staff was deflating to many reservoir proponents. Temperance Flat, a \$2.6 billion reservoir seeking \$1 billion in Proposition 1 assistance, was deemed ineligible for any money. Sites Reservoir, a \$5 billion project seeking \$1.6 billion, was considered eligible for only \$660 million.

Jim Watson, manager of the Sites Joint Powers Authority, said he's confident the commission will ultimately fund Sites more generously. "Part of it is us better telling the story," he said. "I know they're all motivated to fulfill the mandate of Prop 1."

Not everyone was urging the commission to fund new dams and reservoirs. Environmentalists such as Rachel Zwillinger, of Defenders of Wildlife, said some projects would hurt the environment and don't deserve funding.

Read more here: <http://www.sacbee.com/news/state/california/water-and-drought/article201344454.html#storylink=cpy>

On Climate Change, Local Governments Tell Different Stories in the Courtroom and on Wall Street

By [Joel Fox](#)

Friday, February 23rd, 2018

By 2050, because of climate change, Oakland officials insist that the city faces dealing with “100-year” type floods every two years—or maybe it won’t have those floods. Apparently, that forecast all depends on who city officials are talking to—whether you are an energy company being sued by the City of Oakland demanding money because of the dangers climate change supposedly bring or you are an investor interested in buying an Oakland municipal bond. In the latter case, Oakland officials attest that the city is unable to predict the impact of climate change or flooding.

This contradiction should be a concern to taxpayers and is worthy of the panel discussion scheduled at Pepperdine University’s School of Public Policy on next Tuesday, February 27.

The panel, which includes the Reason Foundation’s Marc Joffe and Chapman University Law Professor Anthony T. Caso, will focus on the lawsuits potential impact on municipal bonds and the ultimate effect on taxpayers. “The Unexpected Consequences of Climate Change on Government Finance” is scheduled to begin at noon at the Drescher Graduate Campus in Malibu.

Within the past year, eight California jurisdictions have filed public nuisance climate lawsuits against a slew of oil and gas companies demanding millions of dollars to offset the certain dangers facing the jurisdictions because of climate change. At the same time, these local governments have reached out to investors to back local bonds, declaring in the bond prospectus that they cannot predict risks related to climate change.

As law professor Caso suggested in an Orange County Register op-ed last month, “One could hardly be criticized for concluding that the cities and counties involved in these lawsuits have either lied to the courts or to their bond investors. If they have lied to either, there is big trouble ahead.”

The trouble for taxpayers comes if the Securities and Exchange Commission seeks million dollar penalties from the governments for making false statements to investors. When a local government must pay a penalty it falls on the backs of taxpayers. Such a consequence could also lead municipalities being required to offer more disclosure and result in higher borrowing costs for future bonds.

ExxonMobil has filed a counter action pointing out the discrepancies in the California jurisdictions’ actions—some would say hypocrisy—when discussing the effects of climate change—a different approach in the courtroom versus Wall Street. ExxonMobil argues that the lawsuits are designed to force companies to align policies with those “favored by local politicians in California.”

The integrity of the local governments and ultimately taxpayers’ financial responsibility is hanging in the balance.

The following page(s) contain the backup material for Agenda Item: [Adopt resolution amending the Conflict of Interest Code for the Mojave Desert Air Quality Management District \(MDAQMD\) and direct staff action. Presenter: Karen K. Nowak.](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #13

DATE: March 26, 2018

RECOMMENDATION: Adopt resolution amending the Conflict of Interest Code for the Mojave Desert Air Quality Management District (MDAQMD) and direct staff action.

SUMMARY: This action will amend the MDAQMD's Conflict of Interest code.

CONFLICT OF INTEREST: None

BACKGROUND: The Political Reform Act (Gov. Code §§8100 et seq.) requires state and local government agencies to adopt and promulgate a conflict of interest code. The MDAQMD is subject to the provisions of the Political Reform Act. The MDAQMD's current code was approved by the appropriate code reviewing body, the FPPC, and approved effective April 15, 2015.

The MDAQMD is required to review its code on a biennial basis. Recent reorganization has resulted in a variety of position title changes, position deletions, and position additions in the code. These changes need to be reflected in the official documentation. In addition, the Fair Political Practices Commission as the code reviewing body has indicated that minor adjustments to the disclosure categories are necessary. Partially as a result of the changes to position responsibilities and adjustment to the disclosure categories certain positions disclosure categories also are required to be adjusted. Justification and specifics of the proposed changes is attached. A redline version of the proposed changes is also attached.

Since there are changes to disclosure categories and category assignments the affected employees were notified of the proposed changes via letter (attached) and the notice of intention to amend the Conflict of Interest Code was posted and published on January 18, 2018 (attached).

REASON FOR RECOMMENDATION: Governing Board approval is required to amend a Conflict of Interest Code.

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #13

PAGE 2

REVIEW BY OTHERS: This item was reviewed by Brad Poiriez, Executive Director on or before March 12, 2018.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Karen K. Nowak, District Counsel

RESOLUTION _____

A RESOLUTION OF THE GOVERNING BOARD OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT ADOPTING AMENDMENTS TO THE AVAQMD CONFLICT OF INTEREST CODE AND DIRECTING STAFF ACTION

On March 26, 2018, on motion by Member _____, seconded by Member _____, and carried, the following resolution is adopted:

WHEREAS, the Political Reform Act (Gov. Code §§8100 et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes; and

WHEREAS, the Fair Political Practices Commission (FPPC) has adopted a regulation (2 Cal. Code Regs. §18730) which contains the terms of a standard conflict of interest code, and which can be incorporated by reference and may be amended by the FPPC after public notice and hearing to conform to amendments in the Political Reform Act; and

WHEREAS, the current conflict of interest code for the MDAQMD was approved by the appropriate code reviewing body, the FPPC to be effective April 15, 2015; and

WHEREAS, the MDAQMD has reviewed its code in response to the biennial review requirements; and

WHEREAS, recent reorganization has changed various position titles namely: Air Pollution Control Officer (Executive Director) to Air Pollution Control Officer (Executive Director/APCO), Deputy Director/Administrative Services to Deputy Director/Administration, Fiscal Manager to Finance Manager, and Community Relations and Education Manager to Community Relations and Education Supervisor; and

WHEREAS, recent reorganization has eliminated the positions of Supervising Air Quality Engineer, Lead Air Quality Instrument Technician, Lead Air Quality Engineer, Lead Air Quality Specialist, and Lead Planning and Rulemaking; and

WHEREAS, recent reorganization had added the positions of Air Monitoring Supervisor, Compliance Supervisor, and Permit Engineering Supervisor; and

WHEREAS, the existing position of Information Technology Specialist need to be added as designated filing positions; and

WHEREAS, certain classification language needs to be updated to clarify reporting requirements and to support all the above changes; and

RESOLUTION _____

WHEREAS, the MDAQMD has developed amendments to implement these changes; and

NOW THEREFORE BE IT RESOLVED, that the Governing Board of the Mojave Desert Air Quality Management District hereby adopts the amended Conflict of Interest Code as attached hereto and incorporated herein by reference; and

BE IT FURTHER RESOLVED, that the Air Pollution Control Officer is directed to sign the declaration attached to the amended Conflict of Interest Code and that staff forward the code to the Fair Political Practices Commission for approval.

PASSED, APPROVED AND ADOPTED by the Governing Board of the Mojave Desert Air Quality Management District by the following vote:

AYES: MEMBER:

NOES: MEMBER:

ABSENT: MEMBER:

ABSTAIN: MEMBER:

STATE OF CALIFORNIA)	
)	
COUNTY OF SAN BERNARDINO)	SS:
)	

I, Deanna Hernandez, Senior Executive Analyst of the Mojave Desert Air Quality Management District, hereby certify the foregoing to be a full, true and correct copy of the record of the action as the same appears in the Official Minutes of said Governing Board at its meeting of March 26, 2018

Senior Executive Analyst
Mojave Desert Air Quality Management District.

CONFLICT-OF-INTEREST CODE FOR THE
MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT

The Political Reform Act (Government Code §§81000 et seq.) requires state and local government agencies to adopt and promulgate conflict-of-interest codes. The Fair Political Practices Commission (FPPC) has adopted a regulation (2 Cal. Code Regs. §18730) which contains the terms of a standard conflict-of-interest code, which can be incorporated by reference in an agency's code. After public notice and hearing this regulation may be amended by the FPPC to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 California Code of Regulations §18730 and any amendments thereto which are duly adopted by the FPPC are hereby incorporated by reference. This regulation and the attached Appendixes, which designate officials and employees and establish disclosure categories, constitute the conflict-of-interest code of the MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT (MDAQMD).

Designated employees shall file their statements with the MDAQMD who will make the statements available for public inspection and reproduction. (Gov. Code §81008). Upon receipt of the statement(s) for Members and Alternate Members of the MDAQMD Governing Board; Members and Alternate Members of the MDAQMD Hearing Board; and the Executive Director/Air Pollution Control Officer (Executive Director/APCO) the MDAQMD shall make and retain a copy and forward the original to the FPPC. Statements for all other designated employees will be retained by the MDAQMD.

APPENDIX A DISCLOSURE CATEGORIES

CATEGORY 1

Investments and business positions in business entities, and sources of income, including loans, gifts, and travel payments, from sources of the type that provide services, supplies, materials, machinery, or equipment of the type utilized by the MDAQMD.

CATEGORY 2

Interests in real property located within the jurisdiction of the District, or within two miles of the boundaries of the jurisdiction of the MDAQMD, or within two miles of any land owned or used by the MDAQMD.

Persons are not required to disclose a residence, such as a home or vacation property used exclusively as a personal residence; however, a residence in which a person rents out a room or for which a person claims a business deduction may be reportable.

CATEGORY 3

- a) Investments and business positions in business entities, and sources of income, including loans, gifts, and travel payments, from all business entities, governmental entities, and non-profits that are regulated as well as any homeowner/renter that is fined or cited by the MDAQMD.
- b) Investments and business positions in business entities, and sources of income, including loans, gifts, and travel payments, from sources of the type that engage in the acquisition, disposal, or development of real property within the MDAQMD.
- c) Investments and business positions in business entities, and sources of income, including loans, gifts, and travel payments, from sources of the type that regularly engage in the preparation of environmental impact statements or reports.
- d) Investments and business positions in business entities, and sources of income, including loans, gifts, and travel payments, from sources of the type that receive financial or technical assistance from the MDAQMD.
- e) Investments and business positions in business entities, and sources of income including loans, gifts, and travel payments, from sources of the type that provide information technology and telecommunications goods, products or services, including but not limited to, computer hardware or software companies, computer consultant services, training, data processing, and media services.

CATEGORY 4

Investments and business positions in business entities, and sources of income, including loans, gifts, and travel payments, from entities subject to inspections by the MDAQMD.

APPENDIX B
DESIGNATED OFFICIALS/EMPLOYEES

Designated Officials/Employees	Disclosure Category
Members and Alternates, MDAQMD Governing Board	1, 2, 3
Members and Alternates, MDAQMD Hearing Board	1, 2, 3
Air Pollution Control Officer (Executive Director/APCO)	1, 2, 3
Deputy Director/Administration	1, 2, 3
Deputy Director/Antelope Valley Operations	1, 2, 3
Deputy Director/Mojave Desert Operations	1, 2, 3
District Counsel	1, 2, 3
Finance Manager	1, 2, 3
Special Legal Counsel(s)*	1, 2, 3
Air Monitoring Supervisor	1, 4
Community Relations and Education Supervisor	1, 4
Compliance Supervisor	1, 4
Permit Engineering Supervisor	1, 4
Air Quality Engineer	4
Air Quality Instrument Technician	4
Air Quality Specialist	4
Grants Specialist/Analysist	3d
Information Systems Specialists	3e
Consultants/New Positions	5**

* Special Legal Counsel positions are filled by outside consultants but act in a staff capacity.

** Consultants shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code subject to the following:

The Air Pollution Control Officer (Executive Director/APCO) or his or her designee, may determine in writing that a particular consultant or new position, although a “designated employee,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described herein. Such written determination shall include a description of the consultant or new position’s duties and, based upon that description, a statement to the extent of disclosure requirements. The Air Pollution Control Officer (Executive Director/APCO) or his or her designee’s determination is a public record and shall be retained for public inspection in the same manner and location as the Conflict-of-interest Code and the Statements of Economic Interest. (Gov. Code §81008).

Individuals who perform under contract the identical duties of any designate position shall be required to file Statements of Economic Interests disclosing reportable interests in the categories assigned to that designated position.

DECLARATION OF AIR POLLUTION CONTROL OFFICER
FOR THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT

The proposed amended conflict-of-interest code specifically enumerates each of the positions within the MDAQMD which involves the making or participation in the making of decisions which may foreseeably have a material financial effect on any financial interest. The MDAQMD has satisfied all of the applicable requirements of 2 Cal. Code. Regs. §§18100 et seq. prior to approval of the proposed code.

Brad Poiriez
Executive Director/Air Pollution Control Officer
Mojave Desert Air Quality Management District

Justification for Changes to Mojave Desert Air Quality Management District (MDAQMD) Conflict of Interest Code 2018.

The MDAQMD is an independently governed special district with a jurisdiction contained within portions of the Counties of San Bernardino and Riverside (See Health and Safety Code §§41200 et. seq). As such it is required to have its own Conflict Of Interest Code (COI Code) reviewed and approved by the Fair Political Practices Commission (FPPC). Pursuant to contract the Mojave Desert Air Quality Management District (MDAQMD) provides all staffing, services, and supplies to the Antelope Valley Air Quality Management District (AVAQMD), an independently governed special district with a jurisdiction located within the County of Los Angeles (See Health & Safety Code §§41300 et. seq).

Added and Deleted Positions to the COI code: On October 24, 2015 the Governing Board of the MDAQMD took action creating various positions, renaming and revising various positions and eliminating other positions (Agenda Item 6 including new job classification descriptions is attached). In short, a new position titled Grant Specialist was created from an existing position, positions designated as “Lead” were eliminated or revised and new supervisory positions were created. The Grant Specialist position primarily deals with disbursement of grants and grant funds to applicants and therefore is assigned to the reporting category containing entities that receive financial/technical assistance. The new supervisory positions, Air Monitoring Supervisor, Compliance Supervisor, and Permit Engineering Supervisor, take on many of the duties and responsibilities of the former “Lead” positions and in addition have certain purchasing responsibilities. Due to the purchasing authority as well as supervisory function these new positions will be required to report interests related to suppliers of goods and services as well as interests related to regulated entities.

On January 22, 2018 the Governing Board of the MDAQMD took action further amending, reorganizing and otherwise adjusting various positions. Specifically: the Community Relations & Education Manager position was renamed to Community Relations & Education Supervisor with no substantive adjustment in the job description. The Grants Analyst position was added and also revised the job description of Grants Specialist such that together the two positions provide a lower level and a higher level of competency, training and authority regarding the disbursement of grants. Both these positions will be assigned to the reporting category containing entities that receive financial/technical assistance. In addition several positions were revised, renamed and added along with a variety of pay range adjustments and operational assignment adjustments which do not directly affect the COI code.

The MDAQMD is also proposing to add the position Information Technology Specialist to the code due to the highly level of input required for technology related infrastructure purchases. This position will be required to report interests in entities of the type providing technological related services and supplies to the MDAQMD.

Other Title and Category Changes: The titles of certain other positions, specifically Deputy Director – Administration and Finance Manager, names have changed slightly since the last code amendment. The job classifications and reporting categories for these two positions remain substantially the same. An examination of the job classification, authority, and actual practices of the Community Relations and Education Supervisor (see name change note above) indicated that the more appropriate reporting categories should be interests regarding suppliers and regulated entities as opposed to suppliers and real property. Additional language has been provided in Category 1 to clarify reporting of property interests. Additional language has been added as Category 3e to provide specific reporting requirement for information technology related interests. Finally, new language has been added to clarify the reporting status of consultants and new positions prior to them being included in the code. Such consultants/new positions will be required to report at the same level and in the same manner as the position their duties most closely resemble and/or as specifically designated by the Executive Director/APCO

Current Code		Proposed Code		
Position/Category	Category	Proposed Action	Details	Notes
Category 2	2	Additional language	Clarification	Clarifies reporting requirements for residences.
Category 3e	3e	New category	Add category specifically for interests in business providing IT related services, supplies and training.	Allows for addition of Information Technology Specialist as a reporting category.
Consultants	Footnote	Additional language	Clarification	Clarifies that consultants and contract service providers report as designated as the position the duties of which they are performing.
Air Pollution Control Officer (Executive Director)	1, 2, 3	Minor name change	Changed to Air Pollution Control Officer (Executive Director/APCO)	Name change for clarity.
Deputy Director/Administrative Services	1, 2, 3	Position name change	Deputy Director/Administration	Name and minor modifications in job classification
Fiscal Manager	1, 2, 3	Position name change	Finance Manager	Name and minor modifications in job classification.
Supervising Air Quality Engineer	1, 2, 3	Position eliminated	Position eliminated	Current incumbent acquired new Air Monitoring Supervisor position.
Air Monitoring Supervisor	N/A	New position	New position. Category 1, 4.	Position has regular contact with regulated industry as well as some purchasing authority.
Community Relations and Education Manager	1, 2	Position name change and change in reporting category	Community Relations and Education Supervisor. Reporting category to be 1, 4.	Name change with no modifications in job classification. Position has more contact with regulated industry and little or no authority regarding real property issues.
Compliance Supervisor	N/A	New position	New position. Category 1, 4.	Position has regular contact with regulated industry as well as some purchasing authority.
Permit Engineering Supervisor	N/A	New position	New position. Category 1, 4.	Position has regular contact with regulated industry as well as some purchasing authority.
Lead Air Quality Instrument Technician	1, 4	Position eliminated	Position eliminated	
Lead Air Quality Engineer	4	Position eliminated	Position eliminated	
Lead Air Quality Specialist	4	Position eliminated	Position eliminated	
Lead Planning and Rulemaking	4	Position eliminated	Position eliminated	

Grants Specialist/Analysist	N/A	New position.	New positions with differing degrees of responsibility, education and experience. Category 3 (Specifically 3d).	Position administers grant funding both direct and “pass through” from other entities.
Information Technology Specialist	N/A	Newly designated position. New subcategory provided.	Added as a new designated filing position. New Category 3e specifically for IT providing entities.	Position provides highly technical input for technology purchases as well as input and analysis of potential service contracts related to technology management.
Consultants/New Positions	N/A	Position name change. Specifies new reporting category.	Adds “new positions”. Clarifies reporting requirements.	Require new positions to file before COI code is amended. Requires Consultants to file in category closest to duties/services provided.

CONFLICT-OF-INTEREST CODE FOR THE
MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT

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Designated employees shall file their statements with the MDAQMD who will make the statements available for public inspection and reproduction. (Gov. Code §81008). Upon receipt of the statement(s) for ~~the Board~~ Members and Alternate Members of the MDAQMD Governing Board; Members and Alternate Members of the MDAQMD Hearing Board; and the Executive Director/Air Pollution Control Officer (Executive Director/APCO) the MDAQMD shall make and retain a copy and forward the original to the FPPC. Statements for all other designated employees will be retained by the MDAQMD.

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CATEGORY 3

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Deputy Director/Antelope Valley Operations	1, 2, 3
Deputy Director/Mojave Desert Operations	1, 2, 3
District Counsel	1, 2, 3
Fiscal <u>Finance</u> Manager	1, 2, 3
Special Legal Counsel(s)*	1, 2, 3
Supervising Air Quality Engineer	1, 2, 3
<u>Air Monitoring Supervisor</u>	<u>1, 4</u>
Community Relations and Education Manager <u>Supervisor</u>	1, <u>24</u>
<u>Compliance Supervisor</u>	<u>1, 4</u>
<u>Permit Engineering Supervisor</u>	<u>1, 4</u>
Lead Air Quality Instrument Technician	1, 4
Lead Air Quality Engineer	4
Lead Air Quality Specialist	4
Lead Planning and Rulemaking	4
Air Quality Engineer	4
Air Quality Instrument Technician	4
Air Quality Specialist	4
<u>Grants Specialist/Analyst</u>	<u>3d</u>
<u>Information Systems Specialists</u>	<u>3e</u>
<u>Final Redline 1/8/2018</u>	

* Special Legal Counsel positions are filled by outside consultants but act in a staff capacity.

** Consultants shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code subject to the following:

The Air Pollution Control Officer (Executive Director/APCO) or his or her designee, may determine in writing that a particular consultant or new position, although a “designated employee,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described herein. Such written determination shall include a description of the consultant or new position’s duties and, based upon that description, a statement to the extent of disclosure requirements. The Air Pollution Control Officer²s (Executive Director/APCO) or his or her designee’s determination is a public record and shall be retained for public inspection in the same manner and location as the Conflict-of-interest Code and the Statements of Economic Interest. (Gov. Code §81008).

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DECLARATION OF AIR POLLUTION CONTROL OFFICER
FOR THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT

The proposed amended conflict-of-interest code specifically enumerates each of the positions within the MDAQMD which involves the making or participation in the making of decisions which may foreseeably have a material financial effect on any financial interest. The MDAQMD has satisfied all of the applicable requirements of 2 Cal. Code. Regs. §§18100 et seq. prior to approval of the proposed code.

~~Eldon Heaston~~Brad Poiriez

Executive Director/Air Pollution Control Officer
Mojave Desert Air Quality Management District

Office of District Counsel
Mojave Desert Air Quality Management District

James L. Cox
Chairman

Brad Poiriez
Executive Director

Karen K. Nowak
District Counsel

14306 Park Avenue
Victorville, CA 92392

Telephone (760) 245-1661
Facsimile (760) 241 -3492

January 10, 2018
VIA HAND DELIVERY

Mr. William Berghoff Ms. Jean Bracy Ms. Laquita Cole Mojave Desert Air Quality Management District 14306 Park Ave. Victorville, Ca 92392-2310	Mr. Chris Collins Ms. Sheri Haggard Mr. Brad Poiriez	Ms. Violette Roberts Ms. Sarah Strout Mr. Trevor Samorajski
--	--	---

Re: Proposed Amendments to the MDAQMD Conflict of Interest Code

Dear Affected MDAQMD Employees:

Recent reorganization and reassignment of tasks have necessitated a review of the MDAQMD's Conflict of Interest Code. This review has determined that some changes to disclosure categories and changes to category assignments are necessary. You are receiving this notice because your position is directly impacted by one or more of the proposed changes.

Attached please find the following which will explain the proposed changes and the amendment process.

Notice of Intention to Amend Conflict of Interest Code
Redline Version of the proposed amendments
Justification for the proposed amendments

The proposed amendments are currently scheduled for adoption at the March 26, 2018 Governing Board meeting. We intend to make the formal submission of the changes to our code reviewing body, the Fair Political Practices Commission (FPPC) soon thereafter.

If you have any questions or need additional information please feel free to contact me personally, telephonically or via E-mail.

Sincerely,

Karen K. Nowak
District Counsel

PROOF OF PUBLICATION

(2015.5 C.C.P.)

STATE OF CALIFORNIA,
County of San Bernardino

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the publisher of the DAILY PRESS, a newspaper of general circulation, published in the City of Victorville, County of San Bernardino, and which newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of San Bernardino, State of California, under the date of November 21, 1938, Case number 43096, that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

January 19

All in the year 2018.

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Dated this: 19th day of January, 2018.

Signature

Leslie Jacobs

This space is the County Clerk's Filing
Stamp

RECEIVED
MOJAVE DESERT AQMD
CLERK OF THE BOARD

JAN 23 2018

BY 

Proof of Publication of NOTICE OF INTENTION TO AMEND A CONFLICT OF INTEREST CODE

NOTICE OF INTENTION TO AMEND A CONFLICT OF INTEREST CODE

NOTICE IS HEREBY GIVEN that the Mojave Desert Air Quality Management District (MDAQMD) intends to amend its Conflict of Interest Code pursuant to Government Code §§87300 and 87306. Pursuant to Government Code §87302, the code will designate employees who must disclose certain investments, income, interests in real property and business positions and who must disqualify themselves from making or participating in the making of governmental decisions affecting those interests.

A written comment period has been established commencing on January 19, 2018. Any interested person may present written comments concerning the proposed code no later than close of business on March 5, 2018 (45 days) to the MDAQMD, Attention: Karen K. Nowak, District Counsel, 14306 Park Ave, Victorville, Ca 92392-2310. No public hearing on this matter will be held unless an interested person or their representative requests a public hearing no later than fif-

teen (15) days prior to the close of the written comment period.

The proposed amendments to the MDAQMD's Conflict of Interest Code have been developed as a result of recent reorganization in job classifications and reassignment of functions. Additional changes have been suggested by the MDAQMD's code reviewing body the Fair Political Practices Commission (FPPC).

The MDAQMD has prepared a written explanation of the reasons for the changes to names/position titles, designations and disclosure responsibilities. Copies of the proposed code and all of the information upon which the proposed changes are based may be obtained from the address listed above. Any inquiries concerning the proposed amendments should be directed to Karen K. Nowak, District Counsel at that address listed above, via telephone at (760) 245-1661 x6810 or via E-mail at K2Nowak@mdaqmd.ca.gov.

Published in the
Daily Press
January 19, 2018
(F-96)

THE PRESS-ENTERPRISE

1825 Chicago Ave, Suite 100
Riverside, CA 92507
951-684-1200
951-368-9018 FAX

PROOF OF PUBLICATION
(2010, 2015.5 C.C.P)

Publication(s): The Press-Enterprise

PROOF OF PUBLICATION OF

Ad Desc.: /

I am a citizen of the United States. I am over the age of eighteen years and not a party to or interested in the above entitled matter. I am an authorized representative of THE PRESS-ENTERPRISE, a newspaper in general circulation, printed and published daily in the County of Riverside, and which newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of Riverside, State of California, under date of April 25, 1952, Case Number 54446, under date of March 29, 1957, Case Number 65673, under date of August 25, 1995, Case Number 267864, and under date of September 16, 2013, Case Number RIC 1309013; that the notice, of which the annexed is a printed copy, has been published in said newspaper in accordance with the instructions of the person(s) requesting publication, and not in any supplement thereof on the following dates, to wit:

01/19/2018

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Date: January 19, 2018
At: Riverside, California


Legal Advertising Representative, The Press-Enterprise

MOJAVE DESERT AQMD
14306 PARK AVE
ATTN: D. HERNANDEZ
VICTORVILLE, CA 92392

Ad Number: 0011066072-01

P.O. Number:

Ad Copy:

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1/19

RECEIVED
MOJAVE DESERT AQMD
CLERK OF THE BOARD

JAN 22 2018

BY 

The following page(s) contain the backup material for Agenda Item: [The Annual Financial Report and Management Report \(Audit\) for Fiscal Year 2016-17 is being presented for review and approval. Fedak & Brown LLP of Riverside performed the audit services for the District. Presenter: Jean Bracy.](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #14

DATE: March 26, 2018

RECOMMENDATION: Approve the Draft Annual Financial Report for FY 17.

SUMMARY: The Annual Financial Report and Management Report (Audit) for Fiscal Year 2016-17 is being presented for review and approval. Fedak & Brown LLP of Riverside performed the audit services for the District.

CONFLICT OF INTEREST: None.

BACKGROUND: A financial audit tests the internal controls, procedures and practices of an organization. Over all, the audit reported that the District follows sound financial management practices.

Fedak & Brown LLP of Riverside performed the audit services for the District. This was the first year of a three year engagement for this firm to perform the audit. A partner with the firm will be present to answer questions.

REASON FOR RECOMMENDATION: Governing Board approval is required to finalize the report.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director/APCO on or about March 8, 2018.

FINANCIAL DATA: Sufficient funds were budgeted and available to pay for the services provided. No increase in appropriation is anticipated.

PRESENTER: Jean Bracy, Deputy Director - Administration

Mojave Desert Air Quality Management District

Management Report

June 30, 2017



Fedak & Brown LLP

Certified Public Accountants

Mojave Desert Air Quality Management District

Management Report

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CONFIDENTIAL

Governing Board
Mojave Desert Air Quality Management District
Victorville, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of the Mojave Desert Air Quality Management District (District) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Summary of Current Year Observations, Comments and Recommendations

Material Weaknesses

A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

Carl Moyer Unearned Revenue

The grant funding for the Carl Moyer program is received on demand when requested, based on approved projects, before the District spends the grant funding. Based on the nature and timing of the awards received and spent, grant funding for the Carl Moyer program should maintain a relationship where unspent grant funding, held by both the District and the California Air Resources Board, at the beginning of the year plus current year's new award less grant expenditures equal unspent grant funding at the end of the year, plus any accrued interest. Since the grant revenues are not earned until the funding is spent, the revenues from the grant should equal the expenses of the grant, with exception of any interest for current and prior years. The accounting records provided by the District did not provide these relationships and a journal entry was proposed.

We recommend that the District implement a process to ensure the accuracy of the Carl Moyer grant funding by reconciling the beginning and ending unearned grant revenues, and recognized Carl Moyer grant revenues and expenses.

Summary of Current Year Observations, Comments and Recommendations, continued

Material Weakness, continued

Carl Moyer Unearned Revenue, continued

Management's Response

Management believes the discrepancy in the current year was a result of manual journal entries being posted and not due to the District's software or procedures. We would also like to note that for the Carl Moyer Fund program revenue should equal programmatic expenditures. In the General Fund, Carl Moyer revenue does not equal expenditures because revenue is related to indirect costs and is pure unencumbered/attached revenue.

We agree and going forward, the District plans to reconcile its unearned revenue to ensure grant revenues and grant expenses to be equivalent; and will assist in the reconciliation process of beginning unearned grant revenues and ending unearned grant revenues. In the preparation of reconciliation's involving the General Fund, the District will define any explain any differences as part of its reconciliation.

Inclusion of Long-Term Liabilities in District's General Ledger

During our review of the District's books and records (general ledger) we noted that significant long-term liabilities for other post-employment benefits, net pension and related deferred outflows and inflows, and the full compensated absence liability were included on the financial statements but not maintained in the District in its general ledger. As a result it was necessary to research, establish the beginning balance, and adjust those balances for inclusion in the District's general ledger.

We recommend the District follow governmental industry practice by maintaining long-term liability balances either within its General fund or in a separate General Long Term Debt Account Group fund (GLTDAG) within its financial accounting system. This will ensure the District's general ledger is in alignment with its financial reporting.

Management's Response

In prior years, the previous auditor maintained the long-term liabilities for the District without recommendation that those liabilities should also be maintained in the District's books and records. The District's management felt at times that some entries were misunderstood or not explained properly.

We agree with the auditor's recommendation. The District will maintain all long-term liabilities which appear in the financial statements in its general ledger.

Year-End Closing, Reconciliation, and Review Procedures

During our final fieldwork we noted that the support provided for accounts receivable and accounts payable required additional support to show how they agreed to ending account balances on the trial balance. The balance for accrued payroll did not have support and also required additional adjustment to accrue the year-end balance. Certain reconciliations for year-end account balances for accounts receivable, prepaid expenses, capital assets and accounts payable appeared to require secondary review for either missing items or clean-up of stale balances. As a result, it was necessary for the auditor to prepare adjustments where account reconciliations or schedules did not agree to the District's general ledger. Auditing standards require that the auditor be independent from the maintenance of the District's books and records for which it plans to issue an opinion.

We recommend that the District increase controls for its year-end closing process to: 1) allocate additional time required to adjust year-end account balances, 2) prepare supporting reconciliations, and 3) review the support to ensure it does not contain stale or erroneous balances and is in agreement with the trial balance prior to the scheduled audit fieldwork.

Summary of Current Year Observations, Comments and Recommendations, continued

Material Weakness, continued

Year-End Closing, Reconciliation, and Review Procedures, continued

Management's Response

We agree with the auditor's recommendation and will implement this recommendation in the next fiscal year.

Other Comments

Our other observation, comment, and recommendation, has been discussed with the appropriate members of management, is summarized below.

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Governing Board to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Governing Board with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance at June 30, 2017.

* * * * *

This communication is intended solely for the information and use of management, the audit committee, the governing board and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

Our other observations, comments and recommendations, all of which have been discussed with the appropriate members of management, are summarized on the following page.

Fedak & Brown, LLP
Cypress, California
March 26, 2018

APPENDIX

Mojave Desert Air Quality Management District

Audit/Finance Committee Letter

June 30, 2017

Working Draft Subject to Review

Governing Board
Mojave Desert Air Quality Management District
Victorville, California

We have audited the basic financial statements of the Mojave Desert Air Quality Management District (District) for the year ended June 30, 2017 and have issued our report thereon dated March 26, 2018. Generally accepted auditing standards require that we provide the Governing Board and management with the following information related to our audit of the District's basic financial statements.

Auditor's Responsibility under United States Generally Accepted Auditing Standards

As stated in our Audit Engagement Letter dated April 14, 2017, our responsibility, as described by professional standards, is to express opinions about whether the basic financial statements prepared by management with oversight of the Governing Board are fairly presented, in all material respects, in conformity with United States generally accepted accounting principles. Our audit of the financial statements does not relieve the Governing Board or management of its responsibilities of oversight in the District's external financial reporting process or any other processes.

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing requirements as previously communicated to management. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the basic financial statements.

We noted no transactions entered into by the District during fiscal year 2017 for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Management's Judgments, Accounting Estimates and Financial Disclosures

Accounting estimates play an integral part in the preparation of basic financial statements by management and are based upon management's knowledge, experience and current judgment(s) about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the position in the basic financial statements are:

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefits payable is based on an actuarial evaluation of this liability that was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate the annual required contribution for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the defined benefit pension plan's: deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the basic financial statements are neutral, consistent and clear. Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the basic financial statements is (are):

The disclosure of the District's fair value of cash and investments in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of the District's capital assets, net in Note 4 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the District's other post-employment benefits payable in Note 7 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosure of the District's defined benefit pension plan in Note 8 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosures in the basic financial statements are neutral, consistent and clear.

Corrected and Uncorrected Misstatements

Generally Accepted Auditing Standards require us to accumulate all known and likely misstatements identified during the audit, except those that are considered trivial, and communicate them to the appropriate level of management as follows:

There were twenty-two audit adjustments, which were prepared by the auditor. Three of the adjustments were to establish the beginning balances on the District's books for net pension liability and related deferrals, other post-employment benefits liability, and compensated absences. Three of the twenty-two entries related to the third-year implementation of GASB No. 68 and 71, which were made to the original trial balance presented to us to begin our audit. A schedule of entries can be found at the end of this report.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principle to the District's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require us the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit processes and testwork.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the basic financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit of the District.

Management Representations

We have requested certain representations from management that are included in the Management Representational Letter to the Auditor dated March 26, 2018.

Conclusion

We appreciate the cooperation extended us by Brad Poiriez, Executive Director, Jean Bracy, Deputy Director/Administration, Laquita Cole, Finance Manager, and to the staff of the District in the performance of our audit testwork.

We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

This report is intended solely for the information and use of the Governing Board and management and is not intended to be and should not be used by anyone other than the specified, parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Fedak & Brown, LLP

Cypress, California

March 26, 2018

Working Draft Subject to Review

Mojave Desert Air Quality Management District
Schedule of Audit Adjusting Journal Entries
June 30, 2017

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
AJE - To establish prior years balances for GASB 68 pension related amounts at June 30, 2017.			
10 1900 00 0000	Deferred Pension Outflows	1,312,568.00	
10 1900 00 0000	Deferred Pension Outflows	894,119.00	
10 1900 00 0000	Deferred Pension Outflows	1,249,815.00	
10 3850 00 0000	Long Term Debt - Pension	6,466,848.00	
10 2900 00 0000	Net Pension Liability		7,782,355.00
10 2950 00 0000	Deferred Pension Inflows		1,293,169.00
10 2950 00 0000	Deferred Pension Inflows		391,616.00
10 2950 00 0000	Deferred Pension Inflows		456,210.00
Total		9,923,350.00	9,923,350.00
Adjusting Journal Entries JE # 2			
GASB 68 Entry #1 - To reclassify 2016 contributions to NPL at June 30, 2017.			
10 2900 00 0000	Net Pension Liability	1,312,568.00	
10 1900 00 0000	Deferred Pension Outflows		1,312,568.00
Total		1,312,568.00	1,312,568.00
Adjusting Journal Entries JE # 3			
GASB 68 Entry #2 - To reclassify 2017 contributions to Deferred Outflows of Resources at June 30, 2017.			
10 1900 00 0000	Deferred Pension Outflows	1,328,520.00	
10 6415 00 0000	Contra District Pension Expense GASB 68		170,513.00
10 6415 10 0000	Contra District Pension Expense GASB 68		260,311.00
10 6415 20 0000	Contra District Pension Expense GASB 68		258,013.00
10 6415 30 0000	Contra District Pension Expense GASB 68		65,197.00
10 6415 40 0000	Contra District Pension Expense GASB 68		220,875.00
10 6415 50 0000	Contra District Pension Expense GASB 68		232,278.00
10 6415 60 0000	Contra District Pension Expense GASB 68		121,333.00
Total		1,328,520.00	1,328,520.00
Adjusting Journal Entries JE # 4			
GASB 68 Entry #3 - To record changes in pension liability and changes to the deferred outflows and inflows (amortization) during FY15/16 at June 30, 2017.			
10 1900 00 0000	Deferred Pension Outflows	2,460,443.00	
10 2950 00 0000	Deferred Pension Inflows	456,210.00	
10 6416 00 0000	Contra CY Implementation GASB 68	176,193.00	
10 6416 10 0000	Contra CY Implementation GASB 68	268,982.00	
10 6416 20 0000	Contra CY Implementation GASB 68	266,608.00	
10 6416 30 0000	Contra CY Implementation GASB 68	67,368.00	
10 6416 40 0000	Contra CY Implementation GASB 68	228,233.00	
10 6416 50 0000	Contra CY Implementation GASB 68	240,015.00	
10 6416 60 0000	Contra CY Implementation GASB 68	125,375.00	
10 1900 00 0000	Deferred Pension Outflows		456,210.00
10 1900 00 0000	Deferred Pension Outflows		255,212.00
10 1900 00 0000	Deferred Pension Outflows		340,462.00
10 2900 00 0000	Net Pension Liability		2,782,450.00
10 2950 00 0000	Deferred Pension Inflows		107,559.00
10 2950 00 0000	Deferred Pension Inflows		347,534.00
Total		4,289,427.00	4,289,427.00
Adjusting Journal Entries JE # 5			
AJE - To establish OPEB payable beginning balance as reported in the June 30, 2016 financials.			
10 3800 00 0000	Long Term Debt - OPEB	290,807.00	
10 2800 00 0000	OPEB liability		290,807.00
Total		290,807.00	290,807.00
Adjusting Journal Entries JE # 6			
AJE - To reclassify check 6545 to PARS to pre-fund pension liability by creation of investment account which was held until July 2017. Reclass from outstanding checks to AP at June 30, 2017.			
10 1010 00 0000	Wells Fargo Operating	500,000.00	
10 2000 00 0000	Accounts Payable System		500,000.00
Total		500,000.00	500,000.00

Mojave Desert Air Quality Management District
Schedule of Audit Adjusting Journal Entries
June 30, 2017

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 7			
AJE - To reclassify Medical Insurance Premium for July 2017 from O/S Checks and expense at June 30, 2017.			
10 1300 00 0000	Pre Paid Expenses	37,503.03	
10 6360 10 0000	Other Benefits		37,503.03
Total		37,503.03	37,503.03
Adjusting Journal Entries JE # 8			
AJE - To reclassify Moyer Admin Reimbursement between fund 30 to fund 10 which did not clear until August 2017.			
Reclass from outstanding checks to AP at June 30, 2017.			
30 1032 00 0000	Carl Moyer Trust SB County	65,261.55	
30 2000 00 0000	Accounts Payable System		65,261.55
Total		65,261.55	65,261.55
Adjusting Journal Entries JE # 9			
AJE - To adjust accrual for payroll at June 30, 2017 based on calculation of 7/5 payroll at 100% and 7/19 payroll at 50%.			
10 2510 00 0000	Federal Tax Withholding	2,753.75	
10 2514 00 0000	Workers Compensation	14,043.87	
10 2555 00 0000	Life Ins Payable	1,228.79	
10 2556 00 0000	Disability Ins Payable	5,600.78	
10 6000 00 0000	Salaries	42,827.51	
10 6000 00 0000	Salaries	816.25	
10 6000 00 0000	Salaries	2.50	
10 6000 00 0000	Salaries	791.71	
10 6200 00 0000	Medicare Tax	250.97	
10 6200 00 0000	Medicare Tax	15,559.16	
10 6200 00 0000	Medicare Tax	379.33	
10 6320 00 0000	Vision Insurance	141.05	
10 6320 40 0000	Vision Insurance	2.40	
10 6350 00 0000	Tuition Reimbursement	1,771.60	
10 6350 00 0000	Tuition Reimbursement	2,717.86	
10 6360 10 0000	Other Benefits	61,628.97	
10 6360 10 0000	Other Benefits	4,077.00	
10 6360 10 0000	Other Benefits	915.83	
10 6410 00 0000	Employer Contribution SBCERA	27,557.04	
10 6420 00 0000	Survivor Match	98.51	
10 6440 00 0000	401(a) Matching Contribution	6,841.67	
10 6450 00 0000	Retirement Cash	2,779.55	
10 2110 00 0000	Accrued Payroll		42,827.51
10 2170 00 0000	Accrued Tuition Exempt		1,771.60
10 2171 00 0000	Accrued Tuition NonExempt		2,717.86
10 2511 00 0000	State Tax Withholding		250.97
10 2512 00 0000	FICAMed Employer		15,559.16
10 2513 00 0000	FICAMed Employee		379.33
10 2530 00 0000	Retirement		27,557.04
10 2531 00 0000	457 Deductions		2,779.55
10 2532 00 0000	401a Match		6,841.67
10 2550 00 0000	Medical Ins Payable		61,628.97
10 2551 00 0000	Dental Payable		4,077.00
10 2552 00 0000	Vision Ins Payable		141.05
10 2552 40 0000	Vision Ins Payable		2.40
10 2554 00 0000	Supplemental Ins Payable		915.83
10 2557 00 0000	Survivor Ins Payable		98.51
10 2590 00 0000	SBPEA Dues		816.25
10 2591 00 0000	United Way		2.50
10 2599 00 0000	Miscellaneous Deductions		791.71
10 6200 00 0000	Medicare Tax		2,753.75
10 6330 00 0000	Life Insurance		1,228.79
10 6340 00 0000	Disability Insurance		5,600.78
10 6500 00 0000	Workers Compensation		14,043.87
Total		192,786.10	192,786.10

Mojave Desert Air Quality Management District
Schedule of Audit Adjusting Journal Entries
June 30, 2017

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 10			
AJE - To adjust prepaids and accounts payable for FY2018 insurance: workers comp and property package paid in July for 2018 but recorded at June 30, 2017.			
10 2000 00 0000	Accounts Payable System	38,262.98	
10 2000 00 0000	Accounts Payable System	48,549.22	
10 3400 00 0000	Pre Paid	49,309.17	
10 1310 00 0000	Pre Paid Insurance		38,262.98
10 1310 00 0000	Pre Paid Insurance		48,549.22
10 3300 00 0000	Unassigned Fund Balance		49,309.17
Total		136,121.37	136,121.37
Adjusting Journal Entries JE # 11			
AJE - To record vehicle addition (asset #1421 - 2017 Dodge Caravan) identified on additions listing but not in account ending balance at June 30, 2017.			
10 1750 00 0000	Vehicles	24,072.80	
10 3700 00 0000	Investment in Capital Assets		24,072.80
Total		24,072.80	24,072.80
Adjusting Journal Entries JE # 12			
AJE - To accrue net change in OPEB liability for June 30, 2017.			
10 6360 10 0000	Other Benefits	23,203.00	
10 2800 00 0000	OPEB liability		23,203.00
Total		23,203.00	23,203.00
Adjusting Journal Entries JE # 13			
AJE - To reclass cash account 10 1090 Cash Receipts Clearing to account 10 1030 SB County cash account where the receipts of \$524,983.51, should be included as outstanding deposits at June 30, 2017.			
10 1030 00 0000	SB County	524,983.51	
10 1090 00 0000	Cash Receipts Clearing System		524,983.51
Total		524,983.51	524,983.51
Adjusting Journal Entries JE # 14			
AJE - To accrue accounts payable checks (6640) tested during search for unrecorded liabilities at June 30, 2017.			
10 6400 00 0000	Employer Pick-up	8,612.30	
10 6410 00 0000	Employer Contribution SBCERA	49,294.70	
10 6420 00 0000	Survivor Match	65.36	
10 8305 00 0000	Miscellaneous Control Acct	7,633.71	
10 8305 00 0000	Miscellaneous Control Acct	65.36	
10 2530 00 0000	Retirement		65,671.43
Total		65,671.43	65,671.43
Adjusting Journal Entries JE # 15			
AJE - To accrue accounts payable checks (ACH071317-2) tested during search for unrecorded liabilities at June 30, 2017.			
10 6200 00 0000	Medicare Tax	1,955.33	
10 8305 00 0000	Miscellaneous Control Acct	16,795.41	
10 2512 00 0000	FICAMed Employer		16,795.41
10 2513 00 0000	FICAMed Employee		1,955.33
Total		18,750.74	18,750.74
Adjusting Journal Entries JE # 16			
AJE - To accrue accounts payable checks (6653) tested during search for unrecorded liabilities at June 30, 2017.			
10 7510 20 0000	Financial Services	5,740.00	
10 2100 00 0000	Accrued Expense		5,740.00
Total		5,740.00	5,740.00

Mojave Desert Air Quality Management District
Schedule of Audit Adjusting Journal Entries
June 30, 2017

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 17			
AJE - To adjust beginning net position for beginning liability for compensated absences represented in the June 30, 2016 financials but not on the Districts books and records.			
10 3900 00 0000	Compensated Absences	298,077.43	
10 3900 00 0000	Compensated Absences	190,092.07	
10 3900 00 0000	Compensated Absences	122,084.21	
10 3900 00 0000	Compensated Absences	61,984.19	
10 2410 00 0000	Accrued Vacation		298,077.43
10 2420 00 0000	Accrued Sick		190,092.07
10 2430 00 0000	Accrued Holiday		122,084.21
10 2440 00 0000	Accrued Admin Leave		61,984.19
Total		672,237.90	672,237.90
Adjusting Journal Entries JE # 18			
AJE - To reverse District accrual per books actual at June 30, 2017.			
10 2410 00 0000	Accrued Vacation	84,056.99	
10 2420 00 0000	Accrued Sick	2,177.66	
10 2430 00 0000	Accrued Holiday	16,029.82	
10 2440 00 0000	Accrued Admin Leave	7,949.42	
10 2460 00 0000	Accrued Compensatory	84.53	
10 2410 00 1900	Accrued Vacation AV Contract		42,077.08
10 2430 00 1900	Accrued Holiday AV Contract		2,434.69
10 6110 00 0000	Vacation		41,979.91
10 6120 00 0000	Sick		2,177.66
10 6130 00 0000	Holiday		13,595.13
10 6140 00 0000	Admin		8,033.95
Total		110,298.42	110,298.42
Adjusting Journal Entries JE # 19			
AJE - To adjust current year compensated absences to 2017 schedule at June 30, 2017.			
10 2410 00 0000	Accrued Vacation	2,180.63	
10 2420 00 0000	Accrued Sick	30,265.47	
10 2430 00 0000	Accrued Holiday	416.34	
10 2440 00 0000	Accrued Admin Leave	9,231.59	
10 6110 00 0000	Vacation		2,180.63
10 6120 00 0000	Sick		30,265.47
10 6130 00 0000	Holiday		416.34
10 6140 00 0000	Admin		9,231.59
Total		42,094.03	42,094.03
Adjusting Journal Entries JE # 20			
AJE - To reclass contra accounts to liability since AV does not have a liability or employees at June 30, 2017.			
10 2410 00 0000	Accrued Vacation	177.90	
10 2410 00 1900	Accrued Vacation AV Contract		61.26
10 2410 40 0000	Accrued Vacation		116.64
Total		177.90	177.90
Adjusting Journal Entries JE # 21			
AJE - To adjust Fund 10 equity for difference between reported change in fund balance of \$30,082 and District recorded change in fund balance and small unlocated difference of \$945.69 for prior year at June 30, 2017.			
10 8215 00 0000	Miscellaneous Expense	13,877.45	
10 3300 00 0000	Unassigned Fund Balance		12,931.76
10 3300 00 0000	Unassigned Fund Balance		945.69
Total		13,877.45	13,877.45

**Mojave Desert Air Quality Management District
Schedule of Audit Adjusting Journal Entries
June 30, 2017**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 22			
AJE - To remove prior period adjustment for CARB Audit interest portion allocated to Admin to be spent in a future period at June 30, 2017.			
30 2610 00 3098	Deferred Revenue - Administrative Carb Audit	64,605.40	
30 3000 00 0000	Restricted Fund Balance		64,605.40
Total		64,605.40	64,605.40
Total Adjusting Journal Entries		19,642,056.63	19,642,056.63
Total All Journal Entries		19,642,056.63	19,642,056.63

Type	Description
AJE	Audit Adjusting Journal Entry
GASB 68 Entry	GASB 68 Implementation Journal Entry



Mojave Desert Air Quality Management District

Victorville, California

**Annual Financial Report
For the Fiscal Year Ended
June 30, 2017**





Governing Board as of June 30, 2017

Name	Title	Area of Representation
James L. Cox	Chair	City of Victorville
Jeff Williams	Vice Chair	City of Needles
Barbara Cram Riordan	Director	Public Member
Joseph DeConinck	Director	City of Blythe
Robert Lovingood	Director	County of San Bernardino
James Ramos	Director	County of San Bernardino
Barb Stanton	Director	Town of Apple Valley
Paul Russ	Director	City of Hesperia
V. Manuel Perez	Director	County of Riverside
Carmen Hernandez	Director	City of Barstow
Ed Camargo	Director	City of Adelanto
Robert Leone	Director	Town of Yucca Valley
John Cole	Director	City of Twentynine Palms

Mojave Desert Air Quality Management District

**14306 Park Avenue
Victorville, CA 92392
(760) 245-1661**

Mojave Desert Air Quality Management District

Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Working Draft Subject To Review

Mojave Desert Air Quality Management District

For the Fiscal Year Ended June 30, 2017

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Financial Section

Working Draft Subject To Review

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Working Draft Subject To Review

Independent Auditor's Report

Governing Board
Mojave Desert Air Quality Management District
Victorville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major of the Mojave Desert Air Quality Management District (District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Mojave Desert Air Quality Management District, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Emphasis of Matter

As described in Note 12 to the financial statements, the District restated net position related to a long-term receivable and deferred revenue for year ended June 30, 2016. Our opinion is not modified with respect to this matter.

Prior Period Restatement

The financial statements as of and for the year ended June 30, 2016, were audited by the predecessor auditor who expressed an unmodified opinion on their report dated November 16, 2016.

As part of our audit of the June 30, 2017 financial statements, we also audited the adjustments described in Note 12 that were applied to restate the June 30, 2016 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2016 financial statements of the District other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2016 financial statements as a whole.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and the required supplementary information on pages 43 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance. That report can be found on pages 50 and 51.

Fedak & Brown LLP

Cypress, California

March 26, 2018

Mojave Desert Air Quality Management District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Mojave Desert Air Quality Management District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2017, the District's net position decreased by 67.65% or \$1,095,462 to \$523,790 as a result of on-going operations. In fiscal year 2017, the District determined that the previously reported beginning net position as of June 30, 2016, required restatement. The total adjustments to net position amounted to \$949,813. Please see note 12 for further information.
- In 2017, the District's total revenues decreased 4.99% or \$399,500 to \$7,607,188, due primarily to decreases of \$702,537 in charges for services, \$28,531 in operating grants – Carl Moyer, which were offset by increases of \$268,298 in operating grants – other, \$46,332 operating grants – mobile emissions program AB2677, and \$15,939 in investment earnings.
- In 2017, the District's total expenses increased by 0.56% or \$48,891 to \$8,702,650, due primarily to an increase of \$198,307 in general expenses, which were offset by decreases of \$101,788 in capital outlay expenses and \$48,725 in mobile emission program AB 2766 expenses.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the District's investments in resources (assets), deferred outflows of resources, obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in it. Think of the District's net position – the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors to assess the *overall financial health* of the District.

**Mojave Desert Air Quality Management District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2017**

Fund Financial Statements

Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 through 42.

Government-wide Financial Analysis

Statements of Net Position

Condensed Statements of Net Position

	2017	As Restated 2016	Change
Assets:			
Current assets	\$ 8,690,330	3,561,796	5,128,534
Capital assets, net	2,383,368	2,662,812	(279,444)
Total assets	11,073,698	6,224,608	4,849,090
Deferred outflows of resources	4,881,013	3,456,502	1,424,511
Liabilities:			
Current liabilities	3,225,957	1,608,275	1,617,682
Non-current liabilities	10,065,086	8,577,340	1,487,746
Total liabilities	13,291,043	10,185,615	3,105,428
Deferred inflows of resources	2,139,878	2,140,995	(1,117)
Net position:			
Net investment in capital assets	2,383,368	2,662,812	(279,444)
Restricted	3,935,028	3,937,878	(2,850)
Unrestricted	(5,794,606)	(4,981,438)	(813,168)
Total net position	\$ 523,790	1,619,252	(1,095,462)

Mojave Desert Air Quality Management District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2017

Government-wide Financial Analysis, continued

Statements of Net Position, continued

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$523,790 as of June 30, 2017. The District's total net position is made-up of three components: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

Statements of Activities

Condensed Statements of Activities

	<u>2017</u>	<u>As Restated 2016</u>	<u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 5,269,959	5,972,496	(702,537)
Operating grants:			
Mobile emission program AB 2766	1,598,734	1,552,402	46,332
Carl Moyer program	245,508	274,039	(28,531)
Other	403,243	134,945	268,298
Total program revenues	<u>7,517,444</u>	<u>7,933,882</u>	<u>(416,438)</u>
General revenues:			
Fines, forfeitures, and penalties	37,975	36,000	1,975
Investment earnings	42,370	26,431	15,939
Other revenue	9,399	10,375	(976)
Total general revenues	<u>89,744</u>	<u>72,806</u>	<u>16,938</u>
Total revenues	<u>7,607,188</u>	<u>8,006,688</u>	<u>(399,500)</u>
Expenses:			
General	7,596,857	7,398,550	198,307
Mobile emission program AB 2766	726,718	775,443	(48,725)
Carl Moyer program	340,564	339,467	1,097
Capital outlay	38,511	140,299	(101,788)
Total expenses	<u>8,702,650</u>	<u>8,653,759</u>	<u>48,891</u>
Change in net position	(1,095,462)	(647,071)	(448,391)
Net position – beginning of year, as restated (note 12)	<u>1,619,252</u>	<u>2,266,323</u>	<u>(647,071)</u>
Net position – end of period	<u>\$ 523,790</u>	<u>1,619,252</u>	<u>(1,095,462)</u>

Compared to prior year, net position of the District decreased 67.65% or \$1,095,462 to \$523,790 as a result of on-going operations. In fiscal year 2017, the District determined that the previously reported beginning net position as of June 30, 2016, required restatement. The total adjustment to net position amounted to \$949,813. Please see note 12 for further information.

**Mojave Desert Air Quality Management District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2017**

Government-wide Financial Analysis, continued

Statements of Activities, continued

Total revenues decreased 4.99% or \$399,500 to \$7,607,188, due primarily to decreases of \$702,537 in charges for services, \$28,531 in operating grants – Carl Moyer, which were offset by increases of \$268,298 in operating grants – other, \$46,332 operating grants – mobile emissions program AB2677, and \$15,939 in investment earnings.

Total expenses increased by 0.56% or \$48,891 to \$8,702,650, due primarily to an increase of \$198,307 in general expenses, which were offset by decreases of \$101,788 in capital outlay expenses and \$48,725 in mobile emission program AB 2766 expenses.

Governmental Fund Balance

The following table is a summary of the changes in fund balance for all governmental funds for the year ended June 30, 2017.

Condensed Changes in Fund Balance

	General Fund	Mobile Emissions Program AB 2766 Fund	Carl Moyer Fund	Total
Fund balance – beginning of year, as restated	\$ 2,989,373	3,058,504	338,456	6,386,333
Change in fund balance	(597,214)	95,927	(255,060)	(756,347)
Fund balance – end of year	\$ 2,392,159	3,154,431	83,396	5,629,986

In 2017, total fund balance decreased by 11.84% or \$756,347 to \$5,629,986. The General fund decreased by 19.98% or \$597,214 to \$2,392,159; the mobile emissions program (AB2766) increased by 3.14% or \$95,927 to \$3,154,431; and the Carl Moyer fund decreased by 75.36% or \$255,060 to \$83,396.

Governmental Activities Budgetary Highlights

For the year ended June 30, 2017, the final actual expenditures were less than budgeted for the General fund by \$1,170,678 and the Mobile Emissions program (AB 2766) by \$47,282; and the Carl Moyer fund by \$294,456. For the year ended June 30, 2017, actual revenues were less than budgeted for the General fund by \$410,763, the Carl Moyer fund by \$440,380, and more than budgeted for the Mobile Emissions program (AB 2766) by \$48,645. At June 30, 2017, there were no differences between the original and final amended budgets. (See the Budgetary Comparison Schedules for the General fund, Mobile Emissions program (AB 2766), and Carl Moyer program under the Required Supplementary Information section on pages 46 through 49).

**Mojave Desert Air Quality Management District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2017**

Capital Asset Administration

	Capital Assets			
	Balance 2016	Adjustment/ Additions	Deletions/ Transfers	Balance 2017
Capital assets:				
Non-depreciable assets	\$ 278,568	-	-	278,568
Depreciable assets	6,275,044	38,511	-	6,313,555
Total capital assets	6,553,612	38,511	-	6,592,123
Accumulated depreciation	(3,890,800)	(317,955)	-	(4,208,755)
Total capital assets, net	\$ 2,662,812	(279,444)	-	2,383,368

At the end of fiscal year 2017, the District's investment in capital assets amounted to \$2,383,368 (net of accumulated depreciation). This investment in capital assets includes building and improvements, furniture and fixtures, machinery and equipment, vehicles, computers, and software. The capital assets of the District are more fully analyzed in Note 4 to the basic financial statements.

Conditions Affecting Current Financial Position

Management is unaware of any conditions, which could have a significant impact on the District's current financial position, net position, or operating results in terms of past, present, and future.

Requests for Information

This financial report is designed to provide the District's present users, including funding sources, customers, stakeholders, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Deputy Director / Administration, Mojave Desert Air Quality Management District, 14306 Park Avenue, Victorville, California 92392 or (760) 245-1661.

Basic Financial Statements

Working Draft Subject To Review

Mojave Desert Air Quality Management District
Statement of Net Position
June 30, 2017

	<u>2017</u>
Assets:	
Current assets:	
Cash and cash equivalents (note 2)	\$ 2,174,006
Restricted cash and cash equivalents (note 2)	3,935,028
Accounts receivable	1,139,268
Due from California Air Resources Board	1,344,545
Due from fiduciary fund (note 3)	55,779
Prepays	<u>41,704</u>
Total current assets	<u>8,690,330</u>
Non-current assets:	
Capital assets – not being depreciated (note 4)	278,568
Capital assets – being depreciated, net (note 4)	<u>2,104,800</u>
Total non-current assets	<u>2,383,368</u>
Total assets	<u>11,073,698</u>
Deferred outflows of resources:	
Deferred pension outflows (note 8)	<u>4,881,013</u>
Total deferred outflows of resources	<u>4,881,013</u>
Liabilities:	
Current liabilities:	
Accounts payable	658,406
Accrued salaries and related payables	286,432
Due to California Air Resources Board	212,117
Unearned revenue (note 5)	1,903,389
Long-term liabilities – due within one year:	
Compensated absences (note 6)	<u>165,613</u>
Total current liabilities	<u>3,225,957</u>
Non-current liabilities:	
Long-term liabilities – due in more than one year:	
Compensated absences (note 6)	498,839
Other post-employment benefits payable (note 7)	314,010
Net pension liability (note 8)	<u>9,252,237</u>
Total non-current liabilities	<u>10,065,086</u>
Total liabilities	<u>13,291,043</u>
Deferred inflows of resources:	
Deferred pension inflows (note 8)	<u>2,139,878</u>
Total deferred inflows of resources	<u>2,139,878</u>
Net position:	
Net investment in capital assets (note 9)	2,383,368
Restricted (note 10)	3,935,028
Unrestricted (note 11)	<u>(5,794,606)</u>
Total net position	<u>\$ 523,790</u>

See accompanying notes to the basic financial statements

Mojave Desert Air Quality Management District
Statement of Activities
For the Fiscal Year Ended June 30, 2017

		Program Revenues			
		Charges for Services			
		Application and Permit Fees	Management Contract Antelope Valley AQMD	Operating Grants	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses				
Governmental activities					
General	\$ 7,596,857	4,013,125	1,256,834	1,202,610	(1,124,288)
Mobile emission program AB 2766	726,718	-	-	799,367	72,649
Carl Moyer program	340,564	-	-	245,508	(95,056)
Capital outlay	38,511	-	-	-	(38,511)
Total governmental	\$ 8,702,650	4,013,125	1,256,834	2,247,485	(1,185,206)
General revenues:					
		Fines, forfeitures, and penalties		\$	37,975
		Investment earnings			42,370
		Other revenue			9,399
		Total general revenues			89,744
		Change in net position			(1,095,462)
		Net position – beginning of year, as restated (note 12)			1,619,252
		Net position – end of year		\$	523,790

See accompanying notes to the basic financial statements

Mojave Desert Air Quality Management District
Balance Sheet – Governmental Funds
June 30, 2017

	General Fund	Mobile Emissions Program AB 2766 Fund	Carl Moyer Fund	Total Fund
Assets:				
Cash and cash equivalents	\$ 2,174,006	-	-	2,174,006
Restricted cash and cash equivalents	-	3,222,626	712,402	3,935,028
Accounts receivable	995,346	143,922	-	1,139,268
Due from California Air Resources Board	-	-	1,344,545	1,344,545
Due from fiduciary fund (note 4)	55,779	-	-	55,779
Prepays	41,704	-	-	41,704
Total assets	\$ 3,266,835	3,366,548	2,056,947	8,690,330
Liabilities:				
Accounts payable	\$ 588,244	-	70,162	658,406
Accrued payroll and related expenses	286,432	-	-	286,432
Due to California Air Resources Board	-	212,117	-	212,117
Unearned revenue (note 5)	-	-	1,903,389	1,903,389
Total liabilities	874,676	212,117	1,973,551	3,060,344
Fund balance:				
Restricted:				
Mobile emissions program AB 2677	-	3,154,431	-	3,154,431
Carl Moyer	-	-	83,396	83,396
Nonspendable:				
Prepays	41,704	-	-	41,704
Committed:				
Operating reserves	690,000	-	-	690,000
Building improvement reserves	200,000	-	-	200,000
Legal and litigation reserves	300,000	-	-	300,000
Retirement reserves	1,000,000	-	-	1,000,000
Assigned:				
Budget stabilization	250,000	-	-	250,000
Compensated absences	150,000	-	-	150,000
Unassigned	(239,545)	-	-	(239,545)
Total fund balance	2,392,159	3,154,431	83,396	5,629,986
Total liabilities and fund balance	\$ 3,266,835	3,366,548	2,056,947	8,690,330

Continued on next page

See accompanying notes to the basic financial statements

Mojave Desert Air Quality Management District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2017

Reconciliation:

Total Fund Balances of Governmental Funds		\$ 5,629,986
Amounts reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those capital position among the assets of the District as a whole.		
Capital assets, net		2,383,368
Pension contributions made during the fiscal year after the measurement date are reported as expenditures in governmental funds and as deferred outflows of resources in the government-wide financial statements.	\$ 1,328,520	
Recognized net difference between projected and actual earnings on pension plan investments are reported as deferred outflows of resources in the government-wide financial statements.		2,004,233
Recognized changes in assumptions are reported as deferred outflows of resources in the government-wide financial statements.		638,907
Recognized portion due to differences between the actual employer contribution and the proportionate share of contribution are reported as deferred outflows of resources in the government-wide financial statements.	909,353	4,881,013
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as governmental fund liabilities. All liabilities both current and long-term, are reported in the statement of net position as follows:		
Compensated absences		(664,452)
Other post-employment benefits payable		(314,010)
Net pension liability		(9,252,237)
Recognized differences between the expected and actual experience for the General Plan are reported as deferred inflows of resources in the government-wide financial statements.	(1,400,728)	
Recognized portion due to differences between the actual employer contribution and the proportionate share of contribution are reported as deferred inflows of resources in the government-wide financial statements.	(739,150)	(2,139,878)
Total adjustments		(5,106,196)
Net Position of Governmental Activities		\$ <u>523,790</u>

See accompanying notes to the basic financial statements

Mojave Desert Air Quality Management District
Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2017

	<u>General Fund</u>	<u>Mobile Emissions Program AB 2766 Fund</u>	<u>Carl Moyer Fund</u>	<u>Total Fund</u>
Revenues:				
Program revenues:				
Charges for services:				
Application and permit fees	\$ 4,013,125	-	-	4,013,125
Management contract – Antelope Valley AQMD (note 13)	1,256,834	-	-	1,256,834
Total charges for services	5,269,959	-	-	5,269,959
Operating grants:				
Assembly Bill 2766	799,367	799,367	-	1,598,734
State grants	39,801	-	245,508	285,309
State subvention	138,096	-	-	138,096
Federal grants	133,624	-	-	133,624
California Clean Air Act	66,606	-	-	66,606
Other programs	25,116	-	-	25,116
Total operating grants	1,202,610	799,367	245,508	2,247,485
Total program revenues	6,472,569	799,367	245,508	7,517,444
General revenues:				
Fines, forfeitures, and penalties	37,975	-	-	37,975
Investment earnings	15,202	23,278	3,890	42,370
Other revenue	9,399	-	-	9,399
Total general revenues	62,576	23,278	3,890	89,744
Total revenues	6,535,145	822,645	249,398	7,607,188
Expenditures:				
Salaries and benefits	5,682,711	-	-	5,682,711
Services and supplies	1,575,031	604	68,345	1,643,980
Contributions	-	726,114	272,219	998,333
Capital outlay	38,511	-	-	38,511
Total expenditures	7,296,253	726,718	340,564	8,363,535
Excess(deficiency) of revenue over expenditures	(761,108)	95,927	(91,166)	(756,347)
Other financing sources(uses):				
Net position transfers in(out) (note 4)	163,894	-	(163,894)	-
Net change in fund balance	(597,214)	95,927	(255,060)	(756,347)
Fund balance – beginning of year, as restated (note 12)	2,989,373	3,058,504	338,456	6,386,333
Fund balance – end of year	\$ 2,392,159	3,154,431	83,396	5,629,986

Continued on next page

See accompanying notes to the basic financial statements

Mojave Desert Air Quality Management District
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Reconciliation:

Net Changes in Fund Balances – Total Governmental Funds	\$ (756,347)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense as follows:	
Capital outlay	38,511
Depreciation expense and adjustment	(317,955)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenses in governmental funds as follows:	
Net change in compensated absences for the current period	7,786
Net change in other post-employment benefit obligations for the current period	(23,203)
Net change in pension obligations for the current period	(44,254)
Change in Net Position of Governmental Activities	\$ <u><u>(1,095,462)</u></u>

See accompanying notes to the basic financial statements

Mojave Desert Air Quality Management District
Statement of Net Position – Fiduciary Fund
June 30, 2017

	Other Post-Employment Benefit(OPEB) Trust Fund
Assets:	
Cash in trust	\$ <u>629,068</u>
Total assets	<u>629,068</u>
Liabilities:	
Due to general fund	<u>55,779</u>
Total liabilities	<u>55,779</u>
Net position:	
Restricted – held in trust for OPEB benefits	<u>573,289</u>
Total net position	<u>\$ <u>573,289</u></u>

See accompanying notes to the basic financial statements

**Mojave Desert Air Quality Management District
Statement of Changes in Net Position – Fiduciary Fund
For the Year Ended June 30, 2017**

	Other Post-Employment Benefit(OPEB) Trust Fund
Additions:	
Investment income	\$ 70,394
Total additions	<u>70,394</u>
Deductions:	
Distributions	31,341
Bank fees	<u>5,150</u>
Total deductions	<u>36,491</u>
Net change in net position	33,903
Net position – beginning of period	<u>539,386</u>
Net position – end of period	<u><u>\$ 573,289</u></u>

See accompanying notes to the basic financial statements

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements
June 30, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Mojave Desert Air Quality Management District (District), was established on July 1, 1993, upon the dissolution of the San Bernardino County Air Pollution Control District. The District's operates pursuant to the Lewis Air Quality Management Act which became effective on February 1, 1977, commencing at Section 40400 of the Health and Safety Code of the State of California. The District's primary responsibility is to regulate stationary sources of air pollution located within its jurisdictional boundaries. To accomplish its responsibility, the District implements air quality programs required by State and Federal mandates, enforces rules and regulations based on air pollution laws, and educates businesses and residents about their role in protecting air quality. The District represents the citizens within its 20,000 mile jurisdiction covering the San Bernardino High Desert and the Palo Verde Valley portion of Riverside County. Air monitoring staff operates six monitoring stations in Barstow, Hesperia, Phelan, Trona, Twentynine Palms, and Victorville.

The District's mission is to protect the air quality within its boundaries while supporting strong and sustainable economic growth. This is accomplished through a comprehensive and common-sense program of planning, regulation, compliance assistance, enforcement, monitoring, and public education. The District is an independent, special district, governed by a thirteen member Governing Board consisting of members from represented areas within its boundaries.

B. Basis of Accounting and Measurement Focus

The *basic financial statements* of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting for governmental activities. Accordingly, all of the District's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used; such as, unbilled but utilized utility services that are recorded at year end. The Statement of Activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the District are charges for services directly related to the operations of the District. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes and other items, properly not included among program revenues, are reported instead as general revenues.

Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Accompanying these statements is a schedule to reconcile and explain the differences in fund balances, as presented in these statements, to the net position presented in the Government-wide Financial Statements.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Fund Financial Statements, continued

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period.

Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the District are interest earnings, investment revenue, and operating grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Funds are organized into two major categories: governmental and fiduciary categories. An emphasis is placed on major funds within the governmental and fiduciary categories. A fund is considered major if it is the primary operational fund of the District or meets the following criteria:

- a) Total assets and deferred outflows of resources, liabilities and deferred inflows resources, revenues, or expenditures/expenses of that individual governmental, governmental special revenue, or fiduciary fund is at least 10 percent of the corresponding total for all funds of that category or type;
- b) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental, governmental special revenue, or fiduciary fund is at least 5 percent of the corresponding total for all governmental funds combined; or
- c) The entity has determined that a fund is important to the financial statement user.

The governmental funds of the financial reporting entity are described below:

General Fund – this governmental fund is a government’s primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund when necessary.

Mobile Emissions Program AB 2766 Fund – this special revenue fund is a special revenue fund used to account for the retention of funds allocated for the support of the District’s mobile emissions grant program pursuant to Assembly Bill No. 2766.

Carl Moyer Fund – this special revenue fund is a special revenue fund used to account for revenues received pursuant to the Carl Moyer Air Quality Standards Attainment Program. Expenditures are restricted to providing incentive for participating entities to undertake reduced-emission heavy-duty engine projects.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Fund Financial Statements, continued

The fiduciary fund of the financial reporting entity is described below:

Other Post-Employment Benefits Trust Fund – this fund is a fiduciary fund used to account for asset held by the District as Trustees. The District maintains one non-major expendable trust fund, Retiree Benefits Fund, which is used to provide contingency reserves for the District payment of current and future retiree health and welfare benefits.

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District has adopted the following GASB pronouncements in the current year:

In June 2015, the GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness or information about postemployment benefits other than pensions (other postemployment benefits of OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

This Statement replaces Statements No. 43 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57 – *OPEB Measurements by Agent Employers and Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25 – *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No.50 – *Pension Disclosures*.

In August 2015, the GASB issued Statement No. 77 – *Tax Abatement Disclosures*. The objective of this Statement is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from governmental programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development.

In December 2015, the GASB issued Statement No. 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that meet certain criteria.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

In January 2016, the GASB issued Statement No. 80 – *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

In March 2016, the GASB issued Statement No. 82 – *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

D. Financial Statement Elements

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

3. Investments and Investment Policy

The District has adopted an investment policy to deposit funds in financial institutions. Investments are to be made in the following area:

- San Bernardino County Pooled Investments

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

4. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – This valuation is based on quoted prices in active markets for identical assets.
- **Level 2** – This valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

4. Fair Value Measurements, continued

- **Level 3** – This valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques attempt to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

The District does not currently hold any investments which require the treatment of fair value measurements.

5. Accounts Receivable

The District extends credit to customers in the normal course of operations. Management deems all accounts receivable as collectible at year-end. Accordingly, an allowance for doubtful accounts has not been recorded.

6. Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

7. Internal Balances and Activities

Internal activity and balances reported as interfund activity in the governmental fund financial statements are reclassified or eliminated in the preparation of the government-wide statements of net position and activities. This elimination will avoid the "grossing up" of amounts resulting from internal activity within the primary government.

8. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. The District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value and/or historical cost at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings – 20 to 50 years
- Buildings and improvements – 20 years
- Vehicles – 5 years
- Machinery and equipment – 15 to 20 years
- Computer equipment – 3 to 15 years

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

9. Deferred Outflows of Resources

The statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and therefore will *not* be recognized as an outflow of resources (expenditure) until that time. The District has the following pension related items that qualify for reporting in this category:

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5 year period.
- Deferred outflow for the net changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net differences in actual and proportionate share of employer contribution and net changes in proportion which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

10. Unearned Revenue

Certain receipts from customer reflect revenue applicable to future accounting periods and are recorded as unearned revenues in both the government-wide and fund financial statements.

11. Compensated Absences

It is the District's policy to allow employees to accumulate earned but unused vacation, administrative time, and sick leave benefits. The vesting method is used to calculate the liability. Depending on the years of service, an employee will be paid which range from 0% to 50%, dependent upon certain vesting criteria, of earned sick leave benefits, 100% of earned vacation and administrative time upon separation. All vacation pay, compensatory time and sick leave is accrued when incurred in the government-wide financial statements. The current portion of the liability is estimated from prior year payment and adjusted for material expected variances. The non-current portion of the liability will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees. The General Fund is used to liquidate compensated absences, respective to each funds' liability.

12. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's San Bernardino County Employees' Retirement System (SBCERA) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by SBCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

12. Pensions, continued

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Date: June 30, 2015
- Measurement Date: June 30, 2016
- Measurement Period: July 1, 2015 to June 30, 2016

13. Deferred Inflows of Resources

The statement of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of resources applicable to future periods and therefore will *not* be recognized as an inflow of resources (revenue) until that time. The District has the following pension related item that qualifies for reporting in this category:

- Deferred inflow for the net differences in actual and proportionate share of employer contribution and net changes in proportion which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred inflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

14. Net Position

The government-wide financial statements utilize a net position presentation. Net position categories are as follows:

- **Net Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation and amortization, and reduced by debt balances outstanding or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted Net Position** – This component of net position consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- **Unrestricted Net Position** – This component of net position consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted components of net position.

15. Fund Balance

The financial statements, governmental funds, report fund balance as non-spendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

- **Nonspendable fund balance** – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

15. Fund Balance, continued

- **Restricted fund balance** – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.
- **Committed fund balance** – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Governing Board) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** – amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** – the residual classification for the District's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

Fund Balance Policy

The Governing Board established, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by the unrestricted, committed, assigned, and unassigned resources as they are needed.

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balances are considered unrestricted.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

16. Budgetary Policies

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(2) Cash and Cash Equivalents

Cash and cash equivalents as of June 30, are classified as follows:

	<u>2017</u>
Unrestricted cash and cash equivalents:	
General Fund	\$ <u>2,174,006</u>
Total unrestricted cash and cash equivalents	<u>2,174,006</u>
Restricted cash and cash equivalents:	
Mobile Emissions Program AB 2766 Fund	3,222,626
Carl Moyer Fund	<u>712,402</u>
Total restricted cash and cash equivalents	<u>3,935,028</u>
Total cash and cash equivalents	\$ <u><u>6,109,034</u></u>

Cash and investments as of June 30, consisted of the following:

	<u>2017</u>
Cash on hand	\$ 164,124
Deposits held with financial institutions	888,172
Deposits held with San Bernardino County Treasurer	<u>5,056,738</u>
Total	\$ <u><u>6,109,034</u></u>

As of June 30, the District's authorized deposits had the following maturities:

	<u>2017</u>
San Bernardino County Investment Pool	<u><u>341 days</u></u>

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(2) Cash and Cash Equivalents

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
State and local agency bonds, notes and warrants	5 years	None	None
U.S. treasury obligations	5 years	None	None
Federal agency obligations	5 years	None	None
Banker's acceptances	180 days	40%	None
Commercial paper - Pooled/Non-Pooled	270 days	40%/25%	40%
Negotiable/Non-Negotiable certificates of deposit	5 years	30%/None	None
Placement Service - Certificates of Deposit	5 years	30%	None
Repurchase agreements	1 years	None	None
Reverse repurchase agreements	92 days	20%	None
Medium-term notes	5 years	30%	None
Money market mutual funds	N/A	20%	10%
Mortgage pass-through securities	5 years	20%	None
California Local Agency Investment Fund (LAIF)	N/A	None	\$40 million
County Pooled Investment Fund	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational obligations	5 years	30%	None

Investment in San Bernardino County Investment Pool

The San Bernardino County Investment Pool (SBCIP) is a pooled investment fund program governed by the County of San Bernardino Board of Supervisors, and administered by the County of San Bernardino Auditor-Controller/Treasurer/ Tax Collector. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by SBCIP for the entire SBCIP portfolio. Investments in SBCIP are highly liquid as deposits and withdrawals can be made at any time without penalty following the restrictions and limitations as identified below. SBCIP does not impose a maximum investment limit. SBCIP is not registered with the Securities and Exchange Commission as an investment company. At June 30, 2017, SBCIP is rated Fitch AAA/VI.

The District's deposit and withdrawal restrictions and limitations are as follows:

- Withdrawals are required to be submitted in writing, from the governing authority of the funds being withdrawn. The request should state the amount, date of transfer, where investment and/or deposit are to be made, and the reason for the request.
- The request must be received by the County Treasurer no less than thirty (30) days prior to the requested date of withdrawal.
- Prior to approving the withdrawal, the County Treasurer shall find that the proposed withdrawal will not adversely affect the interests of other depositors in the County Treasury pool, in accordance with California Government Code Section 27136(b).

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(2) Cash and Investments, continued

Investment in San Bernardino County Investment Pool, continued

Information related to the SBCIP may be obtained from the County of San Bernardino Administrative Offices – 268 West Hospitality Lane, 1st Floor – Treasury – San Bernardino, California 92415 or the Auditor-Controller/Treasurer/ Tax Collector’s office website www.sbcounty.gov.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code (Code) and the District’s investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the District’s bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District’s name.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District’s investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has, the greater its fair value has sensitivity to changes in market interest rates. The District’s investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The San Bernardino County Investment Pool is not rated.

Concentration of Credit Risk

The District’s investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. There were no investments in any one non-governmental issuer that represent 5.0% or more of the District’s total investments.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(3) Internal Transfers

Inter-fund Operational Transfers

Inter-fund receivables/payables are used to move financial resources between the General fund and the Fiduciary – Other Post-Employment Benefits Trust fund as advances to temporarily support the operations of each respective fund.

As of June 30, inter-fund receivables/payables between the District's funds were as follows:

<u>Receivable from</u>	<u>Payable to</u>	<u>2017</u>
Fiduciary Fund	General Fund	\$ 55,779
Payable to General		\$ 55,779

For the year ended June 30, 2017, inter-fund transfers were utilized to transfer net position from the Carl Moyer fund for the purpose of establishing the District's clean air program within the General fund consist of the following:

<u>Transfer from</u>	<u>Transfer to</u>	<u>2017</u>
Carl Moyer Fund	General Fund	\$ 163,894

(4) Capital Assets

Change in capital assets as of June 30 was as follows:

Governmental Activities

	<u>Balance 2016</u>	<u>Adjustment</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2017</u>
Non-depreciable assets:					
Land	\$ 278,568	-	-	-	278,568
Total depreciable assets	278,568	-	-	-	278,568
Depreciable assets:					
Building and improvements	2,701,363	-	-	-	2,701,363
Equipment	3,400,352	-	14,438	-	3,414,790
Vehicles	173,329	-	24,073	-	197,402
Total depreciable assets	6,275,044	-	38,511	-	6,313,555
Accumulated depreciation:					
Building and improvements	(1,496,540)	-	(124,910)	-	(1,621,450)
Equipment	(2,239,515)	(4,939)	(179,038)	-	(2,423,492)
Vehicles	(154,745)	-	(9,068)	-	(163,813)
Total accumulated depreciation	(3,890,800)	(4,939)	(313,016)	-	(4,208,755)
Total depreciable assets, net	2,384,244	(4,939)	(274,505)	-	2,104,800
Total capital assets, net	\$ 2,662,812				2,383,368

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(5) Unearned Revenue

Changes in unearned revenues as of June 30, were as follows:

	<u>Balance 2016</u>	<u>New Awards</u>	<u>Expenses/ Revenues</u>	<u>Balance 2017</u>
Carl Moyer Grant				
Round 17	\$ 644,348	-	(180,434)	463,914
Round 18	752,959	-	(65,074)	687,885
Round 19	-	751,590	-	751,590
Total unearned revenue	\$ <u>1,397,307</u>	<u>751,590</u>	<u>(245,508)</u>	<u>1,903,389</u>

(6) Compensated Absences

Changes in compensated absences as of June 30 were as follows:

	<u>Balance 2016</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2017</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
\$	672,238	596,915	(604,701)	664,452	165,613	498,839

(7) Other Post-Employment Benefits Payable

Plan Description – Eligibility

The District pays a portion of the cost of health insurance for retirees, subject to certain restrictions as determined by the District. The Plan is open to qualified employees, who retire with a minimum of twenty years of public service, of which, a minimum of ten years were served with the District.

Membership in the OPEB plan consisted of the following members as on June 30:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Active plan members	27	24	26
Retirees and beneficiaries receiving benefits	14	11	11
Separated plan members entitled to but not yet receiving benefits	1	-	-
Total plan membership	<u>42</u>	<u>35</u>	<u>37</u>

Plan Description – Benefits

The District offers post-employment medical benefits to retired employees who satisfy the eligibility rules. Dependents are also eligible to receive benefits. Retirees may enroll in any plan available through the District's CalPERS medical program. The contribution requirements of Plan members and the District are established and may be amended by the Governing Board.

Annual Cost

For the year ended June 30, 2017, the District's ARC cost after adjustments was \$54,544. The District's net OPEB payable obligation amounted to \$314,010 for the year ended June 30, 2017. The District contributed \$31,341 in age adjusted contributions for current retiree OPEB premiums for the year ended June 30, 2017.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(7) Other Post-Employment Benefits Payable, continued

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual OPEB cost:			
Annual required contribution (ARC)	\$ 57,656	57,656	34,245
Interest on net OPEB obligation	20,356	-	13,980
Adjustment to annual required contribution	<u>(23,468)</u>	<u>252,412</u>	<u>-</u>
Total annual OPEB cost	54,544	310,068	48,225
Change in net OPEB payable obligation			
Medical premium contributions	<u>(31,341)</u>	<u>(19,955)</u>	<u>(47,531)</u>
Total change in net OPEB payable obligation	23,203	290,113	694
OPEB payable – beginning of year	<u>290,807</u>	<u>694</u>	<u>-</u>
OPEB payable – end of year	<u><u>\$ 314,010</u></u>	<u><u>290,807</u></u>	<u><u>694</u></u>

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2017 and the two preceding years were as follows:

Three-Year History of Net OPEB Obligation					
Fiscal Year Ended		Annual OPEB Cost	Medical Premium Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable
2017	\$	54,544	31,341	57.46%	314,010
2016		310,068	19,955	6.44%	290,807
2015		48,225	47,531	98.56%	694

Funded Status and Funding Progress of the Plan

The most recent valuation (dated July 1, 2015) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$253,113. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2017, was \$3,353,224. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 7.55%.

See page 45 for the Schedules of Funding Status for the other post-employment defined benefit plan, which presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(7) Other Post-Employment Benefits Payable, continued

Actuarial Methods and Assumptions on Other Post-Employment Benefits, Continued

The following is a summary of the actuarial assumptions and methods:

Valuation date	July 1, 2015
Actuarial cost method	Projected unit credit
Amortization method	30-year level dollar, open period
Actuarial assumptions:	
Investment rate of return	7.00%
Inflation - discount rate	7.00%
Health care trend rate	4.00%

(8) Defined Benefit Pension Plan

Plan Description

The District participates in the San Bernardino County Employees' Retirement Association (SBCERA) pension plan – a cost-sharing multiple-employer defined benefit pension plan (the Plan). SBCERA administers the Plan which provides benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members are classified as General members. Generally, those who become members prior to January 1, 2013 are Tier 1 members. All other members are Tier 2. An employee who is appointed to a regular position, whose service is greater than fifty percent of the full standard of hours, required are members of SBCERA, and are provided with pension benefits pursuant to Plan requirements.

The Plan operates under the provisions of the SBCERA is governed by the County Employees' Retirement Law (CERL) of 1937 (California Government Code Section 31450 et. seq), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures, and policies adopted by SBCERA's Board of Retirement (Board). SBCERA administers the Plan which provides benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members are classified as General members. Generally, those who become members prior to January 1, 2013 are Tier 1 members. All other members are Tier 2. An employee who is appointed to a regular position, whose service is greater than fifty percent of the full standard of hours, required are members of SBCERA, and are provided with pension benefits pursuant to Plan requirements.

SBCERA is a legally separate entity from the District, not a component unit, and there is no financial interdependency with the County of San Bernardino. For these reasons, the District's financial statements exclude the SBCERA pension plan as of June 30, 2017. SBCERA publishes its own comprehensive annual financial report that includes its financial statements and required supplementary information, that can be obtained by writing SBCERA at, 348 W. Hospitality Lane, Third Floor, San Bernardino, CA 92415-0014 or visiting the website at: www.SBCERA.org.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(8) Defined Benefit Pension Plan, continued

Benefits Provided

SBCERA provides retirement, disability, death and survivor benefits. The CERL and PEPRA establish benefit terms.

The Plans' provision and benefits in effect at June 30, 2017, are summarized as follows:

	General Plan	
	Tier 1	Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Final Average Compensation	Highest 12 months	Highest 36 months
Normal Retirement Age	Age 55	Age 55
Early Retirement: Years of service and/or age eligible for	Age 70 any years 10 years age 50 30 years any age	Age 70 any years 5 years age 52 N/A
Benefit percent per year of service for normal retirement age	2.0% per year of final average compensation for every year of	2.5% per year of final average compensation for every year of
Benefit adjustments	Reduced before age 55, increased after 55 up to age 65	Reduced before age 67
Final Average Compensation Limitation	Internal Revenue Code section 401(a)(17)	Government Code 7522.10
Required employee contribution rates	7.07% – 13.52%	6.37% – 7.88%
Required employer contribution rates	33.31%	29.77%

An automatic cost of living adjustment is provided to benefit recipients based on changes in the local region Consumer Price Index (CPI) up to a maximum of 2% per year. Any increase greater than 2% is banked and may be used in years where the CPI is less than 2%. There is a one-time 7% increase at retirement for members hired before August 19, 1975. The Plan also provides disability and death benefits to eligible members and their beneficiaries, respectively. For retired members, the death benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to benefits based on the members years of service or if the death was caused by employment. General members are also eligible for survivor benefits which are payable upon a member's death.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(8) Defined Benefit Pension Plan, continued

Contributions

The System and System's active members are required by statute to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code sections 31453.5 and 31454 for the System, and Government Code sections 31621.6, 31639.25, and 7522.30 for active members. The contribution requirements are established and may be amended by the SBCERA Board pursuant to Article 1 of the CERL, which is consistent with the Plan's actuarial funding policy. The contribution rates are adopted yearly based on an annual actuarial valuation, which is conducted by an independent actuary, that requires actuarial assumptions with regard to mortality, expected future service (including age at entry into the Plan, if applicable and tier), and compensation increases of the members and beneficiaries. The combined active member and System contribution rates are expected to finance the costs of benefits for employees that are allocated during the year, with an additional amount to finance any unfunded accrued liability.

For the year ended June 30, the contributions for the Plan were as follows:

<u>Contribution Source</u>	<u>General Plan 2017</u>
Contributions – employer	\$ <u>1,328,520</u>

Net Pension Liability

As of June 30, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

<u>Plan Description</u>	<u>Proportionate Share of Pension Liability 2017</u>
General Plan	\$ <u>9,252,237</u>

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(8) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

The District's proportionate share of the pension liability for the Plan as of June 30, 2015 and 2016, was as follows:

	General Plan
Proportional share – June 30, 2015	0.40100%
Proportional share – June 30, 2016	0.37500%
Change – Increase (Decrease)	<u>-0.02600%</u>

For the year ended June 30, 2017, the District recognized pension expense of \$44,254.

Deferred Pension Outflows (Inflows) of Resources

As June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017	
Description	Deferred Outflows of	Deferred Inflows of
Pension contributions subsequent to the measurement date	\$ 1,328,520	-
Net differences between projected and actual earnings on plan investments	2,004,233	-
Changes in assumptions	638,907	-
Differences between actual contribution and proportionate share of contribution	909,353	(739,150)
Differences between actual and expected experience	<u>-</u>	<u>(1,400,728)</u>
Total	<u>\$ 4,881,013</u>	<u>(2,139,878)</u>

As of June 30, 2017, the District reported \$1,328,520, respectively, as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(8) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources, continued

As of June 30, 2017, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	General Plan Deferred Outflows /(Inflows) of Resources
2018	\$ 202,560
2019	527,290
2020	668,426
2021	267,936
2022	(212,490)
2023	(41,107)
Thereafter	-

Actuarial Assumptions

The significant actuarial assumptions and methods used to measure the total pension liability as of June 30, 2017, are as follows:

Actuarial assumptions:	
Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll (3.75% payroll growth assumed)
Investment Rate of Return ⁽¹⁾	7.50%
Inflation	3.25%
Projected salary increases ⁽²⁾	General: 4.60% to 13.75%
Administrative expenses	0.60% of payroll

(1) Includes inflation at 3.25% and is net of pension plan investment expenses.

(2) Includes inflation at 3.25%, plus real across the board salary increases of 0.50%, plus merit and promotional increases that vary by service.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the June 30, 2014 Review of Economic Assumptions and Actuarial Experience Study (experience study) which covered the periods from July 1, 2010 through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability (TPL) was 7.50% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed employer and member contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.50% was applied to all periods of projected benefit payments to determine the TPL as of June 30, 2016.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(8) Defined Benefit Pension Plan, continued

Discount Rate, continued

The long-term expected rate of return on Plan investments was determined in 2014 using a building block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. This information is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocations approved by the SBCERA Board, and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumptions, are summarized in the following table. This information will change every three years based on the triennial actuarial experience study.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Large Cap U.S. Equity	5.00 %	5.94
Small Cap U.S. Equity	2.00	6.50
Developed International Equity	6.00	6.87
Emerging Market Equity	6.00	8.06
U.S. Core Fixed Income	2.00	0.69
High Yield/Credit Strategies	13.00	3.10
Global Core Fixed Income	1.00	0.30
Emerging Market Debt	6.00	4.16
Real Estate	9.00	4.96
Cash & Equivalents	2.00	(0.30)
International Credit	10.00	6.76
Absolute Return	13.00	2.88
Real Assets	6.00	6.85
Long/Short Equity	3.00	4.86
Private Equity	16.00	9.64
Total	<u>100.00 %</u>	

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in Discount Rate

The following table presents the District's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(8) Defined Benefit Pension Plan, continued

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in Discount Rate, continued

As of June 30, 2017, the discount rate comparison was the following:

	Discount Rate – 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
District's Net Pension Liability – General Plan	\$ 13,048,162	9,252,237	6,106,727

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued SBCERA financial reports. See pages 43 through 45 for the Required Supplementary Schedules.

Payable to the Pension Plan

As of June 30, 2017, the District reported no payables for the outstanding amount of contribution to the pension plan.

(9) Net Investment in Capital Assets

Net investment in capital assets is calculated as follows:

	2017
Net investment in capital assets:	
Capital assets – being depreciated, net	\$ 2,383,368
Total net investment in capital assets	\$ 2,383,368

(10) Restricted Net Position

Restricted net position is calculated as follows:

	2017
Restricted:	
Restricted cash and cash equivalent – Mobile Emissions Program (AB 2677)	\$ 3,222,626
Restricted cash and cash equivalent – Carl Moyer Fund	712,402
Total restricted	\$ 3,935,028

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(11) Unrestricted Net Position

The District's Governing Board has designated the use of the District's June 30, unrestricted net position as follows:

	<u>2017</u>
Unrestricted:	
Unfunded reserves	\$ (8,426,310)
Prepays	41,704
Operating cash reserve	690,000
Building improvement reserves	200,000
Legal and litigation reserves	300,000
Retirement reserves	1,000,000
Budget stabilization	250,000
Compensated absences	<u>150,000</u>
Total unrestricted	<u>\$ (5,794,606)</u>

(12) Adjustment to Net Position

Long-term Note Receivable – Proposed power plant

In fiscal year 2017, the District determined that the long-term receivable related to a proposed power plant was no longer collectible, which was recorded in the District's general fund. As a result the District recorded a prior period adjustment in the amount \$949,813.

The adjustment to net position is as follows:

Net position at June 30, 2014, as previously stated	\$ 2,734,196
Effect of adjustment to writeoff long-term receivable – Proposed power plant	<u>(949,813)</u>
Change in net position as of June 30, 2015, as previously stated	<u>481,940</u>
Net position at June 30, 2015, as restated	\$ <u>2,266,323</u>
Change in net position as of June 30, 2016, as previously stated	<u>(647,071)</u>
Net position at June 30, 2016, as restated	<u>\$ 1,619,252</u>

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(12) Adjustment to Net Position, continued

The adjustment to fund balance in the governmental funds is as follows:

	General Fund	Mobile Emissions Program AB 2766 Fund	Carl Moyer Fund	Total
Fund balance at June 30, 2014, as previously stated	\$ 3,793,633	2,836,101	334,644	6,964,378
Effect of adjustment to writeoff long-term receivable – Proposed power plant	(949,813)	-	-	(949,813)
Change in fund balance as of June 30, 2015, as previously stated	175,636	136,615	1,416	313,667
Fund balance at June 30, 2015, as restated	3,019,456	2,972,716	336,060	6,328,232
Change in fund balance as of June 30, 2016, as previously stated	(30,083)	85,788	2,396	58,101
Fund balance at June 30, 2016, as restated	\$ 2,989,373	3,058,504	338,456	6,386,333

(13) Management Contract Revenue

Antelope Valley Air Quality Management District

On April 19, 2016, the District entered into an agreement with the Antelope Valley Air Quality Management District (AVAQMD) to provide air pollution control services including administration and operations to meet the regulatory and legislated responsibilities of AVAQMD.

The agreement commenced on January 1, 2016 and expires on June 30, 2021. The agreement carries an option to extend services for two years.

The contracts compensation terms include: (1) actual cost reimbursement for the purchase of materials for supplies, (2) the AVAQMD pays the pro-rata share of base salary and associated employment benefits of Program Staff, (3) the District provides utilization of its file management system, accounting system, compliance and permit system, and air monitoring data collection and reporting system, which AVAQMD will cover costs for enhancements and maintenance, (4) The District may assess a proportionate share of the purchase cost/service costs to the AVAQMD not to exceed a proportionate amount based on the ratio of operating permits between both District's, (5) AVAQMD will pay a charge to cover administrative overhead and compensate the District for indirect costs of delivering services. The charge is calculated as 14% of the total billed each month for services added to each invoice.

The District provides professional officers and employees. The District is responsible for the payment of all salaries and benefits, including health and dental benefits, union benefits, related employment taxes and pension contributions. Upon termination of the agreement any dedicated staff will be transitioned from the District to AVAQMD.

Payment of costs is billed monthly at 1/12th of the annual contract amount. On the quarterly basis the District will reconcile actual costs. At June 30, 2017, the District reported management contract revenue of \$1,256,834.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(14) Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of all plan assets held in trust by ING Aetna Financial Service, Inc. at June 30, 2017, was \$5,214,965.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

(15) Operating Leases

The District has entered into several operating leases with Enterprise FM Trust for the purpose of leasing vehicles. The operating leases call for monthly payments ranging from \$3,050 to \$4,443 through 2020. Future rent payments subsequent to year end are as follows:

Year ending June 30,	Amount
2018	\$ 22,421
2019	13,270
2020	11,059
Total	\$ 46,750

At June 30, 2017, the District's rent expense amounted to \$51,569.

(16) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers District created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2017, the District participated in the liability and property programs of the SDRMA as follows:

- Property coverage consists of \$1,000,000,000 pool limit, replacement cost of scheduled property, boiler & machinery of \$100,000,000 pool limit, replacement cost of scheduled property.
- Pollution liability of \$2,000,000 per pollution condition or indoor environmental condition.
- General liability insurance consists of bodily injury, property damage of \$5,000,000 per occurrence, Auto bodily injury and auto property damage of \$5,000,000 per occurrence, employee benefits liability of \$5,000,000 per occurrence, employee and public official's errors and omission of \$5,000,000 per occurrence; and employment practices liability of \$5,000,000 per occurrence.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(16) Risk Management, continued

- Personal liability coverage – Board members / Directors of \$500,000 per occurrence.
- Employee and public official's dishonesty of \$1,000,000 per occurrence.
- Auto physical damage coverage subject to selected comprehensive and collision deductibles (option of \$250/\$500, \$500/\$1,000 or comprehensive only of \$250/\$500).

Settled claims, if any, have not exceeded any of the coverage amounts in the last three fiscal years. There were no reductions in insurance coverage in fiscal year years ending June 30, 2017, 2016, and 2015. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no material IBNR claim payables as of June 30, 2017, 2016, and 2015.

(17) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2017, that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 75

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57 – *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 81

In March 2016, the GASB issued Statement No. 81 – *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

Governmental Accounting Standards Board Statement No. 84

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(17) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

Governmental Accounting Standards Board Statement No. 84, continued

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 85

In March 2017, the GASB issued Statement No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 86

In May 2017, the GASB issued Statement No. 86 – *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 87

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2017

(18) Commitments and Contingencies

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

(19) Subsequent Events

Events occurring after June 30, 2017, have been evaluated for possible adjustment to the financial statements or disclosure as of March 26, 2018, which is the date the financial statements were available to be issued. The District is not aware of any further subsequent events that would require recognition or disclosure in the financial statements.

Required Supplementary Information

Working Draft Subject To Review

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Mojave Desert Air Quality Management District
District's Proportionate Share of the Net Pension Liability – Last Ten Fiscal Years*
As of June 30, 2017

Description	Fiscal Year 2016-2017	Fiscal Year 2015-2016	Fiscal Year 2014-2015	Fiscal Year 2013-2014
District's Proportion of the Net Pension Liability	0.37500%	0.40100%	0.41900%	0.38200%
District's Proportionate Share of the Net Pension Liability	\$ 9,252,237	7,782,355	7,124,444	7,580,519
District's Covered-Employee Payroll	\$ 4,122,720	3,918,233	3,852,547	3,454,500
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	224.42%	198.62%	184.93%	219.44%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	67.94%	71.93%	71.93%	68.36%

Notes:

Changes in Benefit Terms – For the measurement date June 30, 2016, there were no changes in the benefit terms.

Changes of Assumptions – For the measurement date June 30, 2016, there were no changes in the assumptions.

* Historical information presented above follows the measurement periods for which GASB 68 & 71 were applicable. The fiscal year ended June 30, 2015, was the first year of implementation required by GASB 68 & 71, therefore only four years are shown.

Mojave Desert Air Quality Management District
Pension Plan Contributions – Last Ten Fiscal Years*
As of June 30, 2017

Schedule of Pension Plan Contributions:	Fiscal Year 2016-2017	Fiscal Year 2015-2016	Fiscal Year 2014-2015	Fiscal Year 2013-2014
Actuarially Determined Contribution	\$ 1,326,230	1,167,928	898,449	1,086,330
Contributions in Relation to the Actuarially Determined Contribution	(1,328,520)	(1,312,568)	(898,449)	(1,086,330)
Contribution Deficiency (Excess)	\$ (2,290)	(144,640)	-	-
Covered Payroll	\$ 4,122,720	3,918,233	3,852,547	3,454,500
Contribution's as a percentage of Covered-employee Payroll	32.17%	29.81%	23.32%	31.45%

Notes:

- * Historical information presented above follows the measurement periods for which GASB 68 & 71 were applicable. The fiscal year ended June 30, 2015, was the first year of implementation required by GASB 68 & 71, therefore only four years are shown.

Mojave Desert Air Quality Management District
Funding Status – Other Post-Employment Benefits Obligation
For the Fiscal Year Ended June 30, 2017

Required Supplemental Information – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2015	\$ 588,142	841,255	253,113	69.91%	\$ 3,353,224	7.55%
July 1, 2012	320,080	520,328	200,248	61.52%	3,041,756	6.58%
July 1, 2009	-	1,421,221	1,421,221	0.00%	2,581,966	55.04%

Funding progress is presented for the years that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every three years or annually, if there are significant changes in the plan.

The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed based on the year ending June 30, 2018, for the implementation of GASB 75.

**Mojave Desert Air Quality Management District
Budget Comparison Schedule – General Fund
For the Year Ended June 30, 2017**

	Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:					
Program revenues:					
Charges for services:					
Application and permit fees	\$ 4,424,768	-	4,424,768	4,013,125	(411,643)
Management contract – AVAQMD	1,300,000	-	1,300,000	1,256,834	(43,166)
Operating grants:					
Assembly Bill 2766	762,000	-	762,000	799,367	37,367
State grants	51,690	-	51,690	39,801	(11,889)
State subvention	137,800	-	137,800	138,096	296
Federal grants	130,950	-	130,950	133,624	2,674
California Clean Air Act	70,000	-	70,000	66,606	(3,394)
Other programs	15,000	-	15,000	25,116	10,116
Total program revenues	6,892,208	-	6,892,208	6,472,569	(419,639)
General revenues:					
Fines, forfeitures, and penalties	45,000	-	45,000	37,975	(7,025)
Investment earnings	8,700	-	8,700	15,202	6,502
Other revenue	-	-	-	9,399	9,399
Total program revenues	53,700	-	53,700	62,576	8,876
Total revenues	6,945,908	-	6,945,908	6,535,145	(410,763)
Expenditures:					
Salaries and benefits	5,936,624	-	5,936,624	5,682,711	253,913
Services and supplies	2,327,307	-	2,327,307	1,575,031	752,276
Capital outlay	203,000	-	203,000	38,511	164,489
Total expenditures	8,466,931	-	8,466,931	7,296,253	1,170,678
Excess(deficiency) of revenue over expenditures	(1,521,023)	-	(1,521,023)	(761,108)	759,915
Other Financing sources:					
Net position transfers in	-	-	-	163,894	163,894
Net change in fund balance	(1,521,023)	-	(1,521,023)	(597,214)	923,809
Fund balance – beginning of year	2,989,373		2,989,373	2,989,373	
Fund balance – end of period	\$ 1,468,350		1,468,350	2,392,159	

Mojave Desert Air Quality Management District
Budget Comparison Schedule – Mobile Emissions Program (AB 2766)
For the Year Ended June 30, 2017

	<u>Adopted Original Budget</u>	<u>Board Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Program revenues:					
Operating grants:					
Assembly Bill 2766	\$ 760,000	-	760,000	799,367	39,367
General revenues:					
Investment earnings	14,000	-	14,000	23,278	9,278
Total revenues	<u>774,000</u>	<u>-</u>	<u>774,000</u>	<u>822,645</u>	<u>48,645</u>
Expenditures:					
Services and supplies	-	-	-	604	(604)
Contributions	774,000	-	774,000	726,114	47,886
Total expenditures	<u>774,000</u>	<u>-</u>	<u>774,000</u>	<u>726,718</u>	<u>47,282</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,927</u>	<u>(95,927)</u>
Fund balance – beginning of year	<u>3,058,504</u>		<u>3,058,504</u>	<u>3,058,504</u>	
Fund balance – end of period	<u>\$ 3,058,504</u>		<u>3,058,504</u>	<u>3,154,431</u>	

**Mojave Desert Air Quality Management District
Budget Comparison Schedule – Carl Moyer Fund
For the Year Ended June 30, 2017**

	<u>Adopted Original Budget</u>	<u>Board Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Program revenues:					
Operating grants	\$ 687,578	-	687,578	245,508	(442,070)
General revenues:					
Investment earnings	2,200	-	2,200	3,890	1,690
Total revenues	<u>689,778</u>	<u>-</u>	<u>689,778</u>	<u>249,398</u>	<u>(440,380)</u>
Expenditures:					
Services and supplies	16,200	-	16,200	68,345	(52,145)
Contributions	618,820	-	618,820	272,219	346,601
Total expenditures	<u>635,020</u>	<u>-</u>	<u>635,020</u>	<u>340,564</u>	<u>294,456</u>
Excess(deficiency) of revenue over expenditures	54,758	-	54,758	(91,166)	(145,924)
Other Financing sources:					
Net position transfers out	-	-	-	(163,894)	(163,894)
Net change in fund balance	<u>54,758</u>	<u>-</u>	<u>54,758</u>	<u>(255,060)</u>	<u>(309,818)</u>
Fund balance – beginning of year	<u>338,456</u>		<u>338,456</u>	<u>338,456</u>	
Fund balance – end of period	<u>\$ 393,214</u>		<u>393,214</u>	<u>83,396</u>	

**Mojave Desert Air Quality Management District
Notes to the Required Supplementary Information
June 30, 2017**

Budgets and Budgetary Data

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year, the District's Executive Director prepare and submit an operating budget to the Governing Board and adopted no later than June of each year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. Annual budgets are adopted on the modified accrual basis of accounting for government fund types. The adopted budget becomes operative on July 1.

The Governing Board must approve all supplemental appropriations to the budget and transfers between major funds. The legal level of budgetary control is at the fund level. Budget information is presented as required supplementary information for the General fund, Mobile Emissions Program (AB 2766), and the Carl Moyer fund.

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Report on Compliance and Internal Controls

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**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Governing Board
Mojave Desert Air Quality Management District
Victorville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Mojave Desert Air Quality Management District (District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated .

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in our separately issued, Management Report, that we consider material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditor's Report on Internal Controls Over Financial Reporting
And on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*, (continued)**

Mojave Desert Air Quality Management District's Response to Findings

The District's response to the findings identified in our audit is described in the separately issued Management Report. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fedak & Brown LLP
Cypress, California
March 26, 2018

The following page(s) contain the backup material for Agenda Item: [Approve the program structure for the MDAQMD Mobile Source Emission Reduction Program \(AB2766\); direct development of a Work Plan to implement this Program; and direct implementation immediately on approval of this Program structure. Presenter: Brad Poi](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #15

DATE: March 26, 2018

RECOMMENDATION: Approve the program structure for the MDAQMD Mobile Source Emission Reduction Program (AB2766); direct development of a Work Plan to implement this Program; and direct implementation immediately on approval of this Program structure.

SUMMARY: This action will approve the program structure for the MDAQMD Mobile Source Emission Reduction Program (AB 2766); direct development of a Work Plan to implement this Program; and direct implementation immediately on approval.

CONFLICT OF INTEREST: None.

BACKGROUND: The District collects fees from motor vehicle registrations (\$4 per vehicle registered in the District jurisdiction) under the authority of the Health & Safety Code §44220, which is commonly referred to by its initial enabling legislation, AB 2766 (1991). The legislation requires that revenues from fees collected ... shall be used solely to reduce air pollution from motor vehicles and for related [activities] ... necessary for the implementation of the California Clean Air Act of 1988.”

Since 1995 the District has conducted a Mobile Source Emissions Reduction Program (MSERP) using the revenue collected under this statutory authority. After discussion by the Governing Board on February 26, 2018 the Executive Director was directed to further evaluate the program and recommend a new program structure.

The results of the program evaluation indicated that: 1) revenue allocated to District operations (50%) were disproportionate to the estimated generation of mobile source emissions within the District (60%); 2) funds passed through to local agencies generally remain unspent or have not been utilized for projects or programs in keeping with the legislative intent; and 3) the competitive grant program has stalled as projects remain incomplete long past their estimated completion and grantees have been nonresponsive to their grant contracts. Given this evaluation the APCO recommends the Governing Board approve the new structure as described in Exhibit 1.

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #15

PAGE 2

REASON FOR RECOMMENDATION: Governing Board approval is needed to approve this grant program.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director on or about March 12, 2018.

FINANCIAL DATA: No increase in appropriation is anticipated. This action will amend the MDAQMD Adopted FY 18 budget to increase General Fund Program Revenue \$160,000; and decrease Program Revenue in AB 2766 Special Fund \$160,000.

PRESENTER: Brad Poiriez, Executive Director/APCO

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #15

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Exhibit 1

Program revenue is received monthly for fees collected through the California Department of Motor Vehicles (DMV). The annual revenue is approximately \$1.6M, growing at a rate of about 1.5% annually. Stability of revenue is directly related to vehicles registered in any of the District's member agency jurisdictions, timely payment by consumers of vehicle registration fees, and the accurate collection of fees from all of the designated areas, which relies on the District to report to the DMV the zip code areas in the District's jurisdictional region.

MDAQMD Mobile Source Emission Reduction Program (AB2766) – Program Structure

1. **Operational Support** – Allocate to the District's General Fund, 60% of total program revenue (approx. \$960,000)
 - a. The District's planning documents, the State Implementation Plan (SIP) estimate that approximately 60% of the regional pollution is generated from mobile sources. The strategy is to provide and support programs and projects in direct proportion to the source of the challenge.
 - b. District operations related to mobile source emission reductions include programs, projects, education, and monitoring supported with primary staff time in Air Monitoring, Planning and Rulemaking, Grants, Community Relations & Education, and related administration; overhead, related equipment, materials and supplies.
2. **Public Transit Support** – Allocate in fixed amounts, approx. 25% of total program revenue (\$400,000)

The strategy is to provide a direct allocation in fixed amounts to the transit districts, or public transit alternatives that deliver services within the member agencies' jurisdictions. The allocation is determined by the proportion of the total population of the cities served by each transit agency:

Transit Agency or Alternative Transportation (and member agencies served)		Proposed Annual Allocation
1	Victor Valley Transit Authority: Adelanto, Apple Valley, Barstow, Hesperia, Victorville, and portions of San Bernardino County.	\$250,000
2	Morongo Basin Transit Authority: Twentynine Palms, Yucca Valley, and portions of San Bernardino County.	\$40,000
3	Needles Area Transit: Needles and portions of San Bernardino County	\$15,000

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #15

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Transit Agency or Alternative Transportation (and member agencies served)		Proposed Annual Allocation
4	Palo Verde Valley Transit Authority: Blythe and portions of Riverside County	\$20,000
5	San Bernardino County: providing ride share for commuters residing in the MDAQMD jurisdiction	\$75,000
Total Allocations		\$400,000
Allocations (2017) to member local agencies \$400,000		

3. **Specific Programs** - Allocate in fixed amounts, approx.15% of total program revenue (\$240,000)

- | | |
|--|-----------|
| a. Voluntary Accelerated Vehicle Retirement (VAVR) Program
(already approved for FY 2018) | \$100,000 |
| b. Lawn & Garden Equipment Exchange Program (LGEP)
(already approved for FY 2018) | \$100,000 |
| c. EV Charging Infrastructure | \$40,000 |

4. **Competitive Grant Opportunities** – Annual revenue received in excess of the allocations noted above may be offered for competitive proposals.

The Executive Director will:

- Provide to the Governing Board regular reports about the program and use of funds, and proposed and completed projects.
- Develop a program Work Plan to implement the program.

The proposed revision to the MDAQMD MSERP will become effective immediately on approval for FY 18.

The following page(s) contain the backup material for Agenda Item: [Receive and file a presentation from the Mojave Environmental Educational Consortium \(MEEC\) describing the work and responsibilities associated with providing educational resources. Presenter: Samantha Murray.](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #16

DATE: March 26, 2018

RECOMMENDATION: Receive and file a presentation from the Mojave Environmental Educational Consortium (MEEC) describing the work and responsibilities associated with providing educational resources.

SUMMARY: This is a presentation from MEEC describing the work and responsibilities associated with providing educational resources.

CONFLICT OF INTEREST: None

BACKGROUND: This presentation is intended to expand the knowledge base for Governing Board Members about the responsibilities of the educational activities associated with MEEC.

REASON FOR RECOMMENDATION: This is a presentation to receive and file.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director, on or about March 12, 2018.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Samantha Murray, MEEC Program Specialist

**“BRINGING THE ENVIRONMENT
INTO THE CLASSROOM.”**

*Providing high quality Environmental and STEM
Education resources to teachers and students
throughout the entire Mojave Desert.*

MISSION:

To improve the environmental literacy of students, teachers and communities of the Mojave Desert region by actively providing educational resources.

VISION:

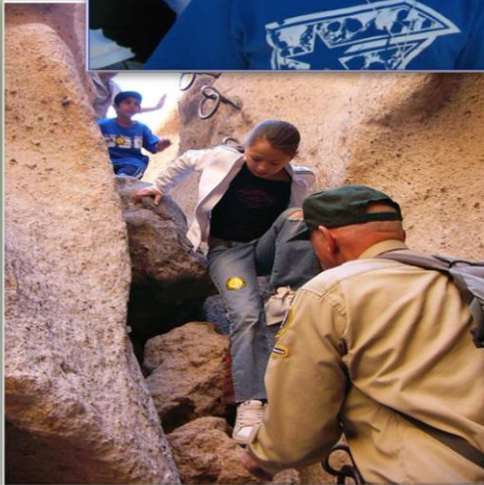
Community members apply environmental literacy to maintain a sustainable Mojave Desert region.

BENEFITS OF EE AND STEM FOR EDUCATORS/STUDENTS

- Improves Education
- New Approach
- Builds Life Skills



ENVIROBUS BUCK GRANT PROGRAM



Just a few of our EBB Host Sites...

- Cement Mines
- Museums
- Wastewater Reclamation
- National Parks
- Power Plants
- Zoos
- Farms
- Nature Preserves

To date, MEEC has awarded more than 700 school field trips allowing over 65,000 students to experience hands-on learning in a variety of settings.

HANDS ON LEARNING WITH ENVIROBUS BUCKS FIELD TRIPS!



Standards-Based Teacher Workshops at NO COST!



Student Contests



Youth Environmental Leadership Conference

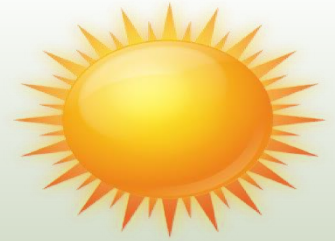
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SOLAR OVEN COOK OFF



ENVIRETREAT

FIVE SELECTED TEACHERS SPEND TWO DAYS DEDICATED TO PLACED-BASED LEARNING



The teachers learn how to bring the outdoors “in” with fun curriculum activities.

Environmental Mini Grants



School Garden Grant Program

MEEC has funded more than 40 gardens to schools throughout the High Desert.



Environmental Science and Engineering High School Scholarships

FIVE \$2,500 scholarships



CAL-PAC RANGE CAMP



MEEC offers four full scholarships to attend the week-long Cal-Pac Range Camp. Located at Elkus Ranch in Half Moon Bay, the working ranch in Northern California provides the perfect arena as students work daily with industry and university professionals on such topics as: ecology, soil science, forestry and watershed hydrology.

ANNUAL TEACHER OF THE YEAR AND TEACHERS OF EXCELLENCE

John Kell
Daisy Gibson School,
Palmdale
Teacher of Excellence



Pamela Chaires
Granite Hills High School,
Apple Valley
Teacher of Excellence

Valerie Kimmel-Oliva
Desert Knolls Elementary,
Apple Valley
Teacher of Excellence

ANNUAL STUDENTS OF THE YEAR



Outstanding Environmental Science Fair Projects

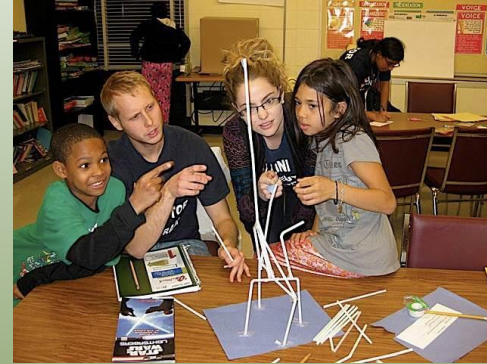
With funding provided by the MDAQMD and the Air & Waste Management Association - Mojave Desert Chapter, MEEC awards up to 20 Outstanding Environmental Science Fair Projects.

Students receive \$25 gift cards at the school level and \$50 gift cards at both District and Regional levels each year.



SPEAKERS/MENTORS BUREAU

LINKING EDUCATORS WITH CLASSROOM SPEAKERS
AND MENTORS ON ENVIRONMENTAL TOPICS



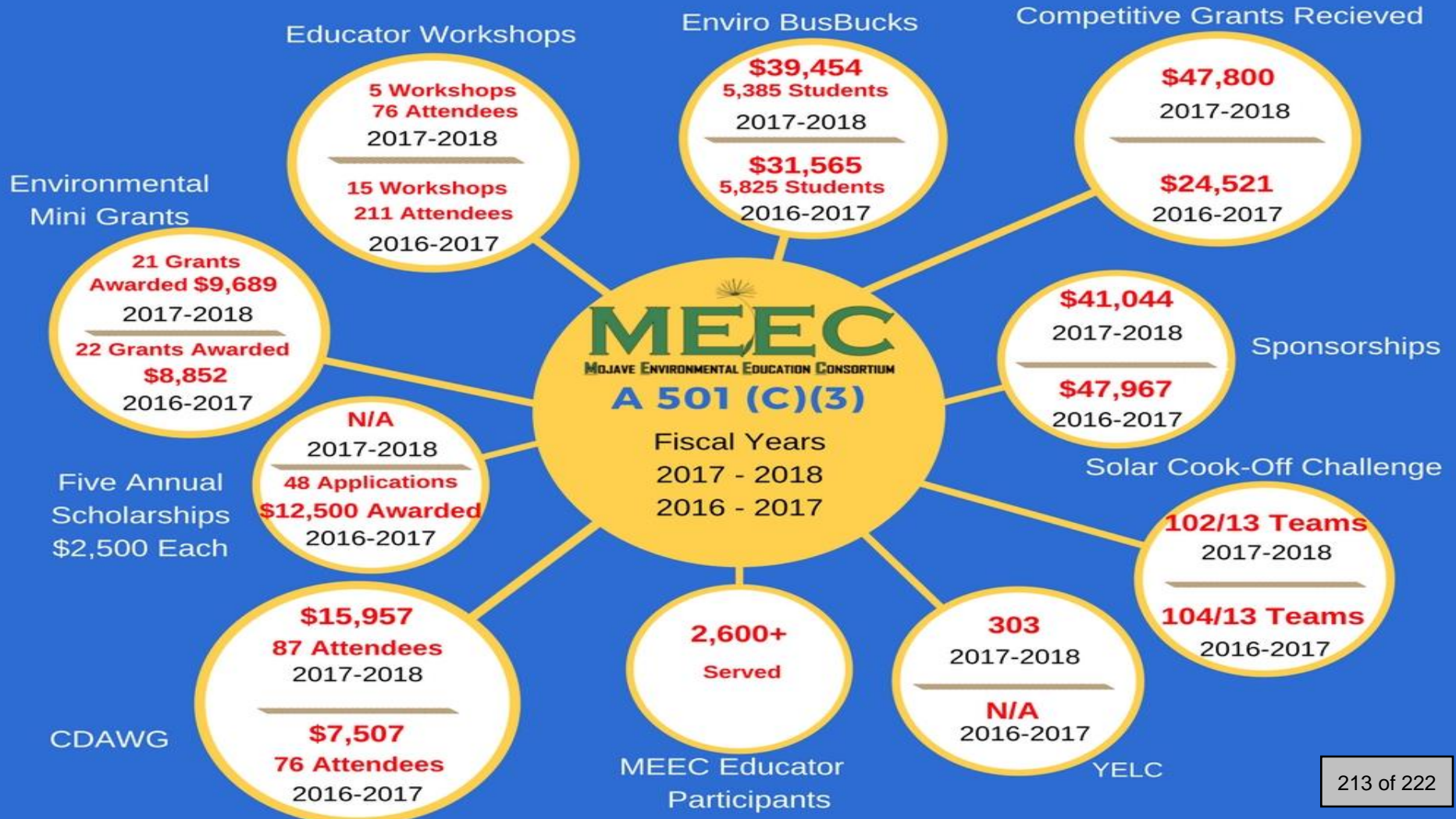
CAREER FAIRS

MEEC participates in school career fairs distributing environmental career information that include salary ranges and education requirements for the quickly expanding environmental or “green” industry to more than 3,500 students annually.



Executive Board Members

- **Jesse Cain**, 3M Oak Hills (*Industry*)
- **Desirea Haggard**, CalPortland Company (*Industry*)
- **John Kell**, Daisy Gibson School, Palmdale (*Educator*)
- **Michelle Lawhead**, George Magnet School, Adelanto (*Educator*)
- **Chuck McCall**, Granite Hills High School, Apple Valley (*Educator*)
- **Tony Penna**, Liberty Utilities (*Industry*)
- **Brad Poiriez**, Mojave Desert AQMD (*Public Agency*)
- **David Rib**, Mitsubishi Cement (*Industry*)
- **James Stockdale**, Knight High School, Palmdale (*Educator*)
- **Cheryl Vermette**, Helendale CSD (*Public Agency*)
- 3 Vacant Positions (*Public Agency*)



MEEC SPONSORING PARTNERS



Adelanto District Teachers Association

City of Hesperia

NRG Energy

Town of Apple Valley

Alaska Federal Credit Union

City of Barstow

Helendale CSD

Verdant Environmental

The following page(s) contain the backup material for Agenda Item: [Reports: Executive Director.](#)

Community Relations & Education Activity Report

March 2018

Community Relations & Education Department:

The MDAQMD Community Relations and Education (CRE) Department has hired Ryan Orr as the new supervisor. In addition, recruitment and selection for the new CRE Specialist is nearly complete. A new Grants Specialist, which will work closely with CRE, was selected at the beginning of March and will begin on March 30.

Assembly Bill 617:

An informational community meeting has been scheduled for March 28 to discuss new air quality legislation, specifically Assembly Bill (AB) 617 and AB 134. AB 617, while recognizing California has seen tremendous improvement in air quality, focuses on the many communities that are located close to freeways, ports and industry and need additional resources to reduce exposure levels. The bill establishes a community-focused planning process, deployment of additional community air monitoring and targeted incentive funding to implement cleaner technologies. AB 134 will provide funding to replace older heavy-duty vehicles, equipment, and other diesel sources in our region with new, cleaner technologies. The district's meeting will be held here on Wednesday, March 28 from 6 p.m. – 8 p.m. and will include a public comment, questions and answer portion for the community.

Lawn and Garden Equipment Exchange Program:

The District's annual Lawn and Garden Equipment Exchange event will be held from 8 a.m. to 1 p.m. on April 14. Participants must be preregistered by visiting www.AGZA.net/exchanges2018 or by calling (800) 893-5056. Due to its growing success the District has increased the grant funding by \$35,000 for a total of \$85,000. This year's event will be held at the San Bernardino County Fairgrounds and will be featured in the Daily Press, High Desert Daily, on El Dorado Broadcasters and on multiple social media platforms.

Air Quality Awareness Week:

The 2018 Air Quality Awareness Week will be held from April 30 – May 4. The MDAQMD will join other air districts throughout the state to push an education and awareness campaign through our social media platforms as well as local media outlets.

School Flag Program:

The School Flag Program instituted through the EPA alerts schools to the local air quality forecast and helps them to take actions to protect student' health. Each day, the school raises a colored flag that corresponds to how clean or polluted the air is. Following the success of the pilot flag program rolled out at Maple Elementary School in Hesperia in 2017, MDAQMD is expanding the program. In 2018 MDAQMD will extend the program to an additional four schools. By 2019, the District hopes to grow the program to offer it to schools throughout District boundaries that are eligible and expand the number exponentially dependent on the resources MDAQMD has available.

Social Media

MDAQMD is beefing up its social media presence to further engage the community and provide new platforms for information and residents' feedback. If you're not already, please follow the District on Facebook and Twitter @MDAQMD. Plans to expand to Instagram and YouTube are currently underway. Social media is an important channel of communication for organizations. Our goal with social media communications is to be consistent, but not constant; informative but never irrelevant, and always respectful. The increased presence will be accompanied by a social media policy to keep all conversations, posts and information to the high ethical standard set forth by the agency in its everyday operations.

YELC Showcase

More than 75 students and their advisors attended the 2018 Youth Environmental Leadership Conference (YELC) Spring Showcase on Saturday, March 3 at Granite Hills High School in Apple Valley . The event provides teams who attended YELC in the fall to gather together to showcase their environmental service- learning projects. This year's projects were related to recycling, gardening and renewable energy. The 2018 YELC STEM Service-Learning Showcase provides a platform for problem-solving and networking with students from throughout the High Desert.



Community Clean Air Project Survey

AB 617 and the recent Cap and Trade extension legislation is expected to bring additional funds to the Mojave Desert Air Quality Management District's jurisdiction to help reduce emissions and improve public health in disadvantaged communities. The goals of AB 617 further reinforce the District's mission to work in partnership with local communities to develop and implement District-centric solutions to its air quality challenges. The District is working to fully engage area residents and solicit their input to ensure that the expenditure of these funds reflects the needs and interests of our residents.

We appreciate your help in completing this short survey and thank you for your input.

More information about MDAQMD's Community Engagement and Protection Program can be found at www.MDAQMD.ca.gov

Background

What sector listed below best represents you? (select one)

☐ Individual

☐ Organization/Industry/Business

Organization or business name: _____

How many members or employees are represented by the organization or business? _____

☐ Other: _____

Name (optional) _____

Your community Zip Code (required): _____ City: _____

How engaged are you in your local community's air quality issues?

☐ Not at all engaged ☐ Slightly engaged ☐ Moderately engaged ☐ Very engaged

Survey Questions

Please rate your level of concern about the air pollution caused by each of the equipment types below in your community. Please mark NOT APPLICABLE if an equipment type is not common to your community. For example, if your community is not near a freight locomotive rail line, you can select not applicable.

NOTE: the photos used in this survey are only used to show examples of the different types of equipment.

Heavy-Duty Trucks



Heavy-duty trucks are the largest class of trucks weighing more than 33,000 lbs. Examples include dump trucks, concrete pump trucks, refuse hauling, long-haul, port/drayage trucks, charter buses, emergency trucks, etc.

☐ Not at all concerned ☐ Slightly Concerned ☐ Moderately Concerned ☐ Very Concerned ☐ Not Applicable

Medium Heavy-Duty Trucks



Medium heavy-duty trucks, weighing between 19,501 lbs and 33,000 lbs, are larger than light-duty trucks but smaller than heavy-duty trucks. Examples include, delivery trucks and tow trucks.

☐ Not at all concerned ☐ Slightly Concerned ☐ Moderately Concerned ☐ Very Concerned ☐ Not Applicable

Light Heavy-Duty Trucks



Light heavy-duty trucks are smaller trucks weighing between 14,001 lbs and 19,000 lbs. Examples include small delivery trucks, large vans, work/utility trucks, etc.

☐ Not at all concerned ☐ Slightly Concerned ☐ Moderately Concerned ☐ Very Concerned ☐ Not Applicable

School Buses



A type of bus owned, or operated by a school or contractor regularly used to transport students to and from school or school-related activities. This does not include charter buses or transit buses.

☐ Not at all concerned ☐ Slightly Concerned ☐ Moderately Concerned ☐ Very Concerned ☐ Not Applicable

Transit Buses



A bus that provides transportation to the public, charges set fares, and runs on fixed routes. Examples include MAX, FAX, GET bus, Greyhound, etc.

☐ Not at all concerned ☐ Slightly Concerned ☐ Moderately Concerned ☐ Very Concerned ☐ Not Applicable

Passenger Vehicles



A car, truck or van that is intended primarily for passenger transportation. Examples include vehicles owned for personal use or business (taxi, rideshare, private fleet, etc.) use.

☐ Not at all concerned ☐ Slightly Concerned ☐ Moderately Concerned ☐ Very Concerned ☐ Not Applicable

Freight Locomotives/Rail Yards



A vehicle that runs on rails and is used for moving railroad cargo cars. Examples include BNSF and Union Pacific

☐ Not at all concerned ☐ Slightly Concerned ☐ Moderately Concerned ☐ Very Concerned ☐ Not Applicable

Passenger Locomotives



A vehicle that runs on rails and provides transportation to the public, charges set fares, and runs on fixed routes. Examples include Amtrak and ACE.

☐ Not at all concerned ☐ Slightly Concerned ☐ Moderately Concerned ☐ Very Concerned ☐ Not Applicable

Construction Equipment



Equipment specially designed for executing construction tasks, most frequently ones involving earthwork operations. Examples include loaders, excavators, bulldozers, cranes, etc.

☐ Not at all concerned ☐ Slightly Concerned ☐ Moderately Concerned ☐ Very Concerned ☐ Not Applicable

Warehouse/Distribution Center Equipment



Equipment used to move objects short distances for warehouse or freight operations. Examples include forklifts, yard goats, etc.

☐ Not at all concerned ☐ Slightly Concerned ☐ Moderately Concerned ☐ Very Concerned ☐ Not Applicable

Agricultural Equipment



Equipment used in agricultural operations. Examples include tractors, loaders, harvesters, ag pumps, etc.

☐ Not at all concerned ☐ Slightly Concerned ☐ Moderately Concerned ☐ Very Concerned ☐ Not Applicable

Final Comments

Please list any specific businesses that operate the equipment described on the previous pages in your community that may be good candidates for air pollution reduction grants from this program. Provide the business name, location, phone number and email if possible.

Please list any opportunities in your community for us to provide more information about Air District grant programs.

Please identify any area in your community where there is a lot of activity from the equipment types identified in this survey.

Please use this space to provide any additional comments.

Can we contact you if we have any follow-up questions? ☐ Yes ☐ No

If yes, please provide email address: _____



Mojave Desert Air Quality Management District

14306 Park Avenue, Victorville, CA 92392-2310

760.245.1661 • fax 760.245.2699

Visit our web site: <http://www.mdaqmd.ca.gov>

Brad Poiriez, Executive Director

March 2, 2018

The Honorable Bob Wieckowski
Chair, Senate Budget and Fiscal Review Subcommittee 2 on Resources,
Environmental Protection, Energy, and Transportation
State Capitol, Room 5019
Sacramento, CA 95814

The Honorable Richard Bloom
Chair, Assembly Budget Subcommittee 3 on Resources and Transportation
State Capitol, Room 6026
Sacramento, CA 95814

Dear Chairs Wieckowski and Bloom:

The Mojave Desert Air Quality Management District strongly opposes the Administration's budget proposal to redirect funding from the highly successful and cost-effective Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) to the Department of Fish and Wildlife. In 2013, the Legislature passed Assembly Bill 8 (Chapter 401; Perea, Skinner), which extended the tire fee funding for the Carl Moyer Program until the end of 2023, with a bipartisan 2/3 vote. AB 8 had the strong support of an impressive coalition made up of dozens of groups, including public health, industry, environmental and agriculture.

The Administration proposes to redirect the seventy-five cents (\$0.75) of the tire fee that funds the Carl Moyer Program to the Department of Fish and Wildlife, and then backfill the approximately \$26 million in annual lost revenue with Cap and Trade funding. Not only will the proposal undermine the Carl Moyer Program by creating funding uncertainty, but it will reduce the overall amount of Cap and Trade funding that is available to meet our climate and air quality goals.

The Carl Moyer Program is a voluntary grant program that has been an important part of California's air pollution reduction strategy since 1998. Under the Carl Moyer Program, local air districts provide grants to equipment owners to go beyond regulatory requirements by retrofitting, repowering, or replacing their dirty engines with newer and cleaner ones. The Carl Moyer Program achieves early, cost-effective emission reductions that help meet State and Federal health-based air quality standards for ozone and PM and complement regulations to achieve cleaner air.

I respectfully urge you to reject the Administration's proposal.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brad Poiriez".

Brad Poiriez
Executive Director/APCO